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# manpower

vol. 1 no. 8 sept. 1969

SEP 2 3 1969

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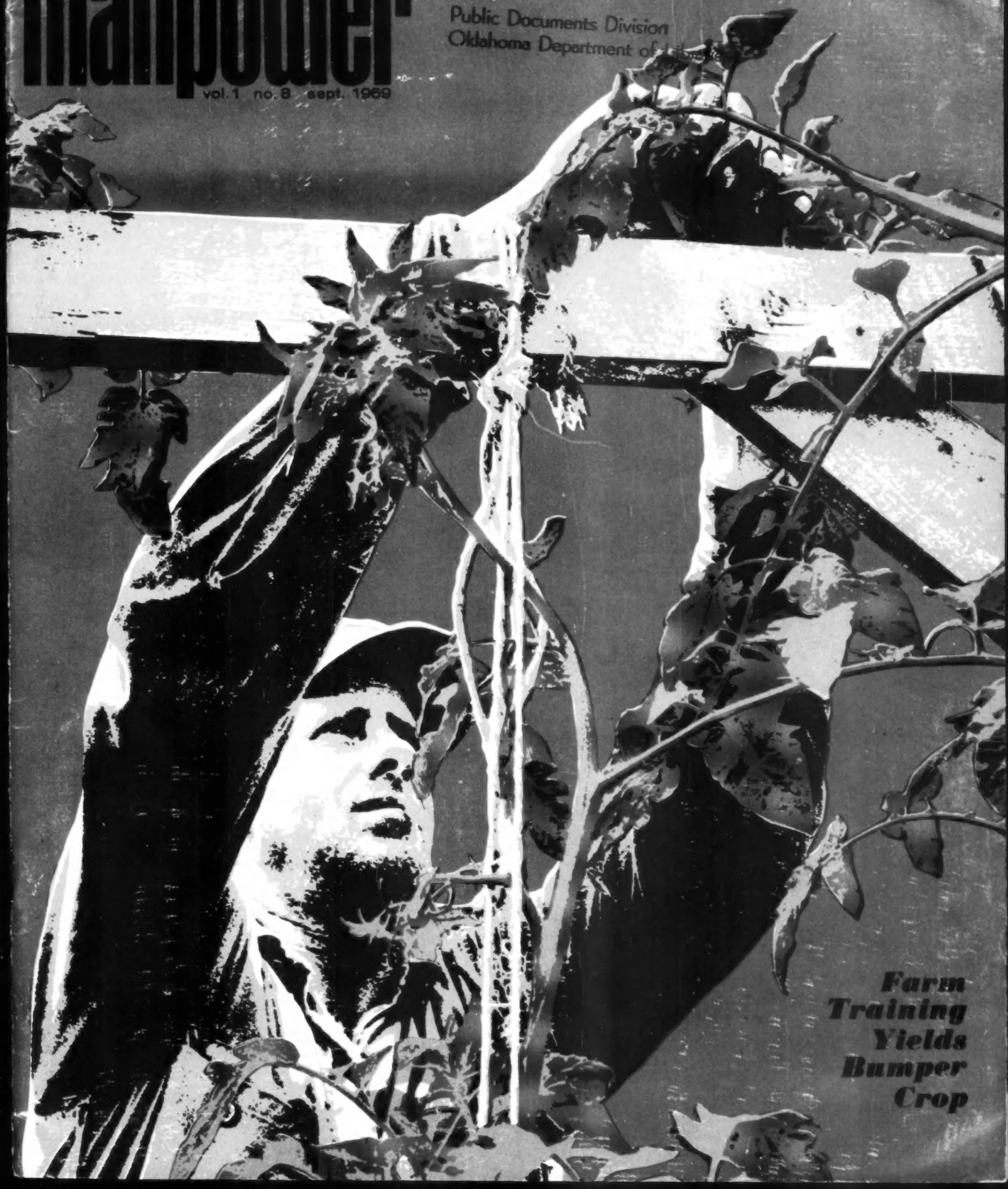


## Farm Training Yields Bumper Crop

# manpower

***IN THIS ISSUE***

## *Country Molasses and...*

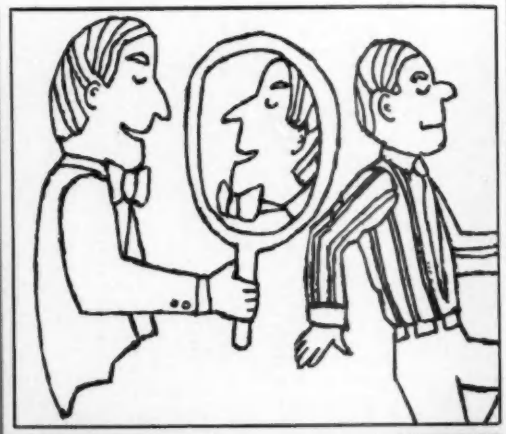
*"I like molasses, good 'ole country sorghum*
*and I lik'em in the spring time and the fall.*
*When they trickle down my chin*
*I just lick'em back again,*
*That's when I lik'em best of all."*

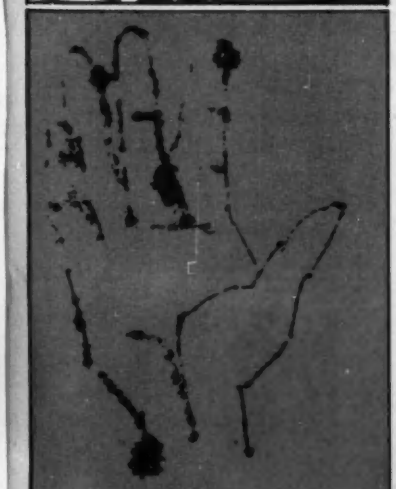
—Old Song

Willie Shepperd expects to produce 600 gallons of sorghum molasses this fall from the 3 acres of sugar cane he is raising on his southern Kentucky farm. Sugar cane is just one of the cash crops that has brought a better life to Shepperd and some 200 other Appalachian farmers who learned crop diversification and scientific farming techniques under a U.S. Department of Labor training program. For a full report see *Farm Training Yields Bumper Crop.*

## *...Sticky Questions*

Can America's central cities be revitalized? Can enough new businesses and industries be attracted to inner-city areas to provide jobs for the urban poor? Or should our energies and resources be concentrated on making it possible for city residents to move to the suburbs, which are outdistancing the cities in the race for new jobs? And what role should government play in shaping the economic and social environment of the Nation's metropolitan complexes? Two experienced observers of urban affairs give their views on these and other questions in *Ghetto Business Development—Performance and Prospects* and *Public Services: City Jobs for City Needs.*





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MANPOWER Magazine is the official monthly journal of the Manpower Administration, U.S. Department of Labor. It is distributed without charge to personnel of the national and regional Manpower Administration offices and, by special arrangement, to State employment security agencies. It is also available on subscription at $7.50 a year (single copies 65 cents) from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. In countries other than the United States, Canada, and Mexico, annual subscription is $9.50. Use of funds for printing this publication approved by the Director of the Bureau of the Budget October 25, 1968.

Expressions of opinions in articles by authors outside the U.S. Department of Labor do not necessarily represent the views of the Department. Correspondence regarding articles should be addressed to the Editor, MANPOWER Magazine, Manpower Administration, U.S. Department of Labor, Washington, D.C. 20210.

CHANGES OF ADDRESS: Send new address, including ZIP code, to Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Please also include old address label from MANPOWER.

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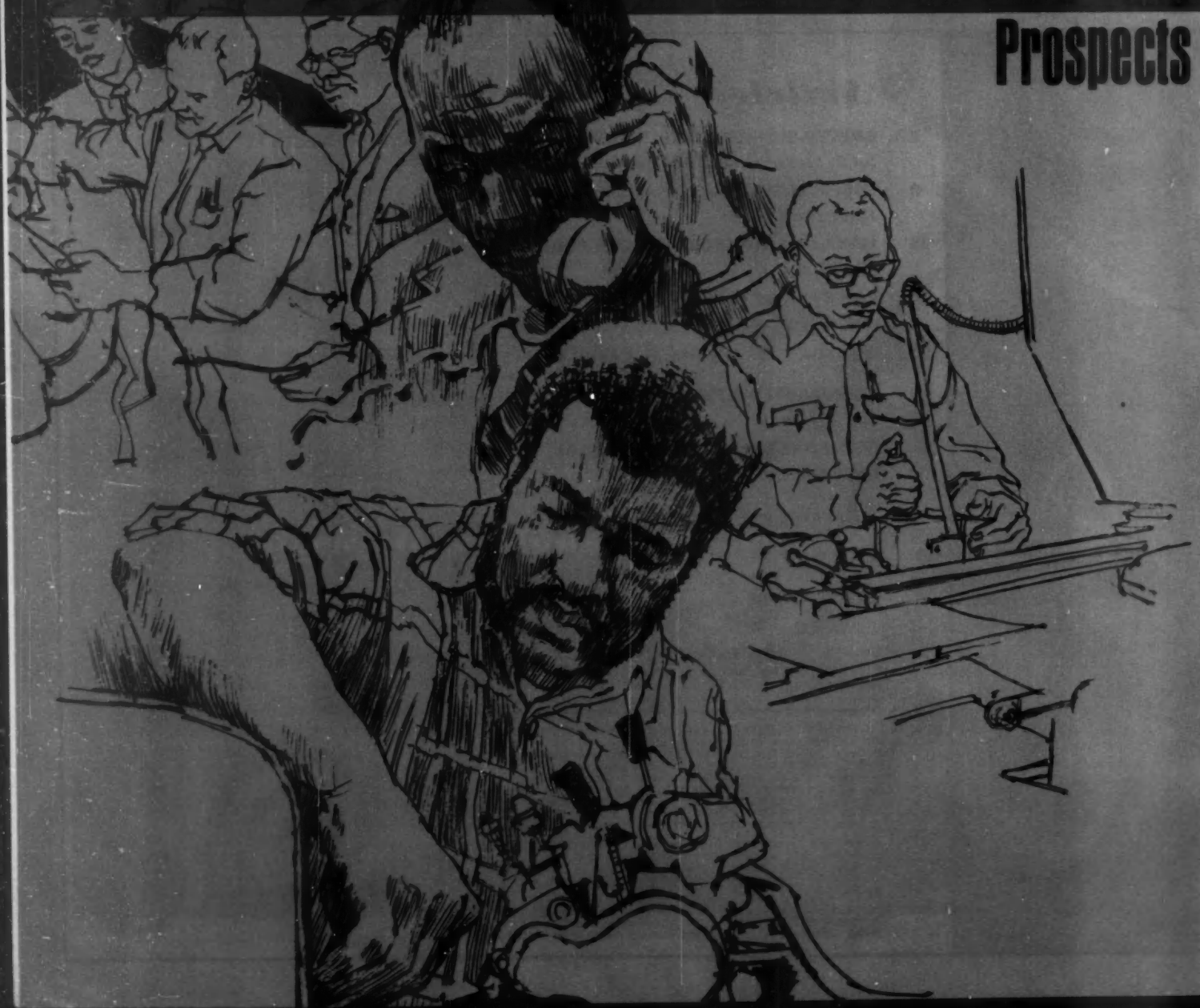
# Ghetto Business Development

## Performance and Prospects



By Sar A. Levitan and
Robert Taggart, III

Negro ghettos are the most visible and perhaps the most severe manifestation of economic stagnation in our larger central cities. They have been festering for some time, representing neglect rather than abrupt deteriorations. Amelioration of the conditions in central cities, particularly their black ghettos, must rank high on any list of national priorities.

Aggregate statistics of central cities fail to reflect their economic difficulties. The incidence of poverty is no greater in central cities than in rural areas; median family income and average wages in the 20 largest cities are higher than in the Nation as a whole (though the cost of living is also higher). But these figures disguise the fact that the effects of economic stagnation have been concentrated in certain areas and on specific groups in the population—the ghettos and their residents, mostly Negroes.

A Bureau of Labor Statistics survey of depressed areas in Atlanta, Chicago, Detroit, Houston, Los Angeles, and New York City found that in 1968: (1) 70 percent of the residents were Negro; (2) the unemployment rate was 2½ times the national average; and (3) the median earnings of all workers were only $85 per week. This all contributed to a median family income of $5,400 (compared with $8,000 for the Nation) which had to provide for larger than average families.

## Black Ownership Low

Central city Negroes also own a disproportionately small number of businesses. For instance, in Washington and Newark, where over half the populations are nonwhite, only one-eighth of the businesses are black-owned. Only 1 in 1,000 blacks owns a business in New York City compared with 1 white in 40.

Improving the economy of the central city, particularly the income of ghetto residents, requires a coordinated effort aimed at the elimination of discrimination, improved educational and training facilities, manpower development, job creation including the restructuring of job content, increased worker mobility, attraction of businesses, and expansion of local ownership. This article focuses only on programs designed to develop black and white businesses in the central city and in the ghetto.

Though hard data are lacking, higher costs and lower profits are associated with operating a business in central cities and especially in ghettos. Available data indicate that average payroll costs per employee are higher in central cities than the national average. While these are to a large extent determined by the types of industries in cities, they nevertheless have an effect on the prevailing rates which new industries must pay.

Wage rates are only one determinant of total labor costs. Higher training and turnover costs can have a greater impact on total labor costs than differentials in wage rates. Training the disadvantaged costs more than training other workers, and the differentials vary widely depending on the quality of the trainee and the extent of his training. Federal grants made under the Job Opportunities in the Business Sector (JOBS) Program to train the disadvantaged averaged $2,800 per subsidized trainee during 1968. The cost of on-the-job training for less disadvantaged enrollees under the Manpower Development and Training Act (MDTA) averaged about $650 in fiscal 1968. There are wide variations in the costs of both private and Government-funded training programs, but subsidized programs have been significantly more expensive.

Higher turnover rates among the disadvantaged would compound higher training costs. Central cities apparently have higher turnover rates—for instance, in New York City there were 5.6 separations per hundred manufacturing employees in September 1968 compared with 4.7 nationally. But job content and rates of pay affect labor turnover, and an Urban Coalition study found that turnover rates among the disadvantaged were no worse than among other workers, and were often lower, when job opportunities were meaningful.

A more critical problem may be work attitudes reflected in higher absenteeism among disadvantaged workers. Even though the turnover rate in IBM's Bedford-Stuyvesant plant has been small, absenteeism runs twice as high as in its other plants. Other companies with ghetto plants report even higher rates. Here, as with turnover, the severity of the problem is inversely related to the quality of the job opportunity.

Aside from higher labor costs, there are other impediments to the location of industry in central cities. Compliance with complex building codes and related ordinances frequently proves costly to firms locating in central cities. IBM estimated that renovation costs for its Bedford-Stuyvesant plant were 10 percent higher in the city than they would have been in a suburban location. Greater vandalism and crime result in higher insurance rates within the central city.

Another serious obstacle to locating in central cities is the scarcity and high cost of land. Piecing together land tracts needed by sizable enterprises is difficult because of the many owners and complex zoning ordinances. The time required for acquisition and preparation causes firms to choose more readily available sites. But the major factor is the higher cost of land in the central city. According to the President's Committee on Urban Housing: "Within any given metropolitan area, the cost of land tends to rise as one moves toward the center of the city. Land costs in downtown areas, even in slum areas, are extremely high compared to suburban land."

## Poor Profit Picture

Nonmonetary factors are also important in locational decisions. Managerial, professional, and skilled white-collar workers have indicated increasing reluctance to move to or keep positions in the largest cities. Higher living costs, the tedium of commuting, crime and violence, and many other problems are associated with central city locations.

There is no way to compare the profitability and viability of businesses operating in central cities with those of suburban or rural firms. The handful of ghetto subsidiaries recently established by large corporations is only the "tip of the iceberg." However, for the purpose of attracting new firms, the experience of those which have recently located is important. To date, the experience generally has not been favorable and the business environment of ghetto areas does not seem to be profitable.

Three of the most highly publicized efforts by big business are Aerojet-General's Watts Manufacturing Co., EG & G's Roxbury plant, and IBM's plant in Bedford-Stuyvesant. The Watts plant began operations in 1966, producing tents

Mr. Levitan is director of the George Washington University Center for Manpower Policy Studies and Mr. Taggart is a research assistant with the center.

## Ghetto Business Development

*continued*

on a $2.5 million defense contract. Despite a $1,300 per man training subsidy from the Labor Department and $1.5 million in Department of Defense set-aside contracts, Aerojet has lost several hundred thousand dollars. Recent attempts to diversify have been unsuccessful and the work force has been cut from 500 to 300. The problems are clear-cut: In the first year, 1,200 had to be hired to maintain a work force of 500, and the company estimates that its training costs were closer to $5,000 per man than $1,300.

EG & G's metal fabrication plant in Roxbury encountered similar difficulties. Despite a $575,000 training grant, the plant was $75,000 in the red in 1968, and anticipated a loss of $250,000 in 1969. In addition, the company has experienced considerable difficulty in finding and retaining managerial talent for this operation.

IBM's experience has been more favorable and it has operated without Government subsidies. The Bedford-Stuyvesant plant produces computer components that are used by IBM, and it produces them more cheaply than outside suppliers. However, IBM has produced the components at a lower unit cost in its other plants, and the internal guaranteed market disguises many profitability questions.

No doubt, some recent corporate efforts have suffered from birth pains and ghetto plants may prove more profitable in the future. But it is also probable that if these plants do not get out of the red soon, they will be abandoned, thereby discouraging other ghetto locations.

While specific firms that are to be induced to locate in central cities must be selected on a case-by-case basis, some overall desirable characteristics can be gleaned from experience. The best candidates are larger manufacturing firms, though most recent efforts in central city development have emphasized retail trade, service industries, and small manufacturing firms. There are several reasons to concentrate on attracting larger manufacturing firms besides their greater impact due to size and viability.

First, employment in selected services has continued to expand substantially in the central cities (see table). Second, it is not likely that the shift of retail and wholesale employment to the suburbs can be reversed. Retail trade is consumer oriented, and has followed consumers, who are moving to the suburbs. Finally, the payroll per employee in central city manufacturing is lower than that in the suburbs while retail and service labor costs are higher, giving the city a comparative advantage in manufacturing employment.

There are some obvious limitations to the numbers and types of manufacturing enterprises which can be attracted to the central city. Plants which require ready access to natural resources, consume large quantities of water, create severe nuisances or hazards, or require large tracts of land, are not suitable for location in central cities. Even more significant, but often overlooked, is the fact that there are a limited number of new, expanding, or relocating firms. Between 1958 and 1963, the annual number of new plants was only around 3,500. One-quarter of these were in the chemical processing industries whose plants are generally unsuitable for central city location; about two-thirds employed less than 20 and would have little impact upon the community; and a substantial number of these 3,500 were firms which located within or moved out of central cities.

A rough estimate would place the total annual number of new plants with more than 20 employees suitable for central cities at less than 500. Competing for these businesses are suburban areas with many relative advantages, and rural areas, which in many cases have an even greater claim than central cities on the basis of need. Given the limited supply of new plants and the demands from other areas, the potential impact of central city development programs should not be overestimated. Considering that between 1958 and 1963 the 20 largest cities alone suffered a net loss of 850 manufacturing plants, the immediate prospects of revitalizing central city economies through attraction of manufacturing establishments are not particularly good.

Since 1966, the Federal Government has subsidized a number of plants in ghetto areas with antipoverty and manpower funds. The Labor Department has contracted with firms to cover the differential costs of training the disadvantaged. Although central city development was not a specific goal of these programs, several firms opening branch plants have sought and received funds. Since "differential training costs" are not explicitly defined, the size of a grant is negotiated and is presumably an inducement to open a plant rather than a reimbursement for measurable training costs.

Control Data Corporation, with a $1 million training grant, opened a 110-employee plant in Minneapolis' Northside; AVCO Corporation started a 220-man printing plant in Boston's Roxbury section with a $1.1 million grant; and Xerox established a 100-man electric transformer and metal stripping plant in Rochester with a $446,000 grant. Spokesmen for the corporations have claimed that the Government subsidies did not fully cover the differential costs of training. Control Data President William Norris estimated that its $1 million subsidy would cover only 15 percent of its total costs of hiring and training the disadvantaged.

**TABLE**

**Employment in Ten Standard Metropolitan Statistical Areas [1] (Thousands)**

| INDUSTRY | 1959 | | 1967 | | Percent increase | |
|---|---|---|---|---|---|---|
| | Suburbs | City | Suburbs | City | Suburbs | City |
| Total | 2,408 | 6,080 | 3,379 | 6,902 | 40 | 14 |
| Manufacturing | 1,063 | 1,824 | 1,275 | 1,870 | 20 | 3 |
| Retail | 471 | 987 | 730 | 1,059 | 55 | 7 |
| Wholesale | 117 | 636 | 186 | 669 | 58 | 5 |
| Selected services | 321 | 1,083 | 611 | 1,490 | 90 | 38 |
| Other | 435 | 1,549 | 577 | 1,814 | 32 | 17 |

[1] The 10 metropolitan areas for which data are available are: Atlanta, Baltimore, Boston, Houston, Kansas City, New Orleans, New York, Philadelphia, St. Louis, and the District of Columbia.

Source: Derived from U. S. County Business Patterns, 1959 and 1967.

In addition to these activities, eight firms have been subsidized through the Special Impact Program to locate "in or near" ghetto areas. These grants are not tied to training programs, since the industries are low-skilled. To move within commuting distance of the ghetto and to hire disadvantaged workers at $2 per hour, the eight firms received $3,000 per projected employee or $1 for every $6.50 of capital investment. Special Impact funds have also supported several local groups seeking to attract businesses to ghetto areas, including the Bedford-Stuyvesant Restoration Corporation. Its efforts and those of other experimental community development corporations have so far produced few results. For the most part, small businesses, which will have little impact on ghetto employment or income, have been started.

To date, Federal and local development efforts have hardly made a dent in the problems of central cities. Government subsidies have been inadequate to influence a significant number of corporations to locate in depressed urban areas, and the handful of plants that have been attracted are small relative to those established elsewhere by the same corporations. There is a distinct possibility that corporate involvement may extend little further than the opening of these "showcase" plants.

Given the inherent difficulties and the dearth of theoretical or empirical knowledge about central city economic development, large-scale programs to attract business are of questionable value. What may be preferable to new and massive development efforts is the continuation and gradual expansion of present programs. Additional funds could be allocated to the Office of Economic Opportunity (OEO) for central city development projects, and for financing local development corporations through urban community action agencies or other local agencies.

Alternatively, the authority and funds of the Economic Development Administration (EDA) could be expanded to attract business to central cities. Finally, the Labor Department could offer larger "training" grants to firms locating in depressed urban areas. Efforts to date by OEO, EDA, and the Labor Department have been experimental, and this approach should be continued and expanded only after better understanding is achieved

**"Mom and pop" stores, even if black owned, have a limited impact on the overall ghetto economy.**

**New shopping centers to serve the burgeoning suburban population are one reason retail jobs are increasing much faster in the suburbs than in the city.**

Most of the 200 employees at Avco's new Roxbury printing plant in Boston are Negro residents of the inner city.

Fabricated metals and printed circuits are the chief products of EG&G's plant in Roxbury.

## Ghetto Business Development

*continued*

about the viability of central city economies and the degree of inducements required to lure firms there.

Since the more depressed areas of most central cities have large Negro populations, the recent thrust to develop black capitalism is intimately related to improving the central city economy. Although there are other reasons for supporting improved business ownership opportunities, this discussion is concerned with the profits generated by the businesses and the effect that ownership transfers will have on income in Negro areas.

Under Operation Mainstream, launched in August 1968 as Project Own, the Small Business Administration (SBA) is placing increased emphasis on loans to minority group members from its four business loan and loan guarantee programs. Since the inception of the program, the proportion of minority loans approved by SBA has doubled to 29 percent of all loans made during fiscal 1969. The increase in the value of the loans has kept pace with the increase in the number of loans, although the average minority loan remains less than half that of other loans. Still, to achieve the program's goal of 20,000 loans to Negroes a year, SBA would have to increase almost fivefold its fiscal 1969 level of activity.

Operation Mainstream is more than an increased commitment of SBA resources to minority entrepreneurship; it is an attempt to tap the resources of private lending institutions by guaranteeing loans to minority businesses. Historically, the banking community has shunned minority loans because they presumably were riskier and usually smaller, resulting in higher overhead costs. Though SBA's guarantee programs are not new, banks have not used them for minority loans in the past. SBA attempted to change this practice by making guarantees more attractive, hoping that once the banks were involved in financing Negro entrepreneurship, they would continue to carry the ball.

The number of banks making guaranteed loans to minorities increased from 10 in fiscal 1967 to 160 last spring. And the SBA claims that many banks have begun to make loans without guarantees. In spite of these encouraging results, Operation Mainstream can succeed only if many more banks participate. It is not clear that

this participation will be forthcoming; the expansion during the past year may have resulted from a "creaming" of black applicants rather than a fundamental change of policy. Defaults will discourage further loans.

Operation Mainstream is new and its future is difficult to predict. By the summer of 1969, SBA had achieved an annual rate of around 5,000 minority loans with losses approaching 15 percent. Further expansion of minority loans requires added appropriations since, at current rates of operation, SBA will use up its revolving fund by fiscal 1971. Operating funds must also be boosted to provide for expanded management assistance. At the current rate, minorities are getting their proportional share of SBA loan funds; future increases require greater bank participation, compensatory treatment for minorities, or increased funding.

## Competition for Control

Another approach to black entrepreneurship is provided by development corporations devoted to establishing locally owned small businesses. There is a wide variety of such corporations, some funded privately and others publicly, with differing degrees of community control. Given the present ghetto demand for self-determination, one useful way to classify existing development corporations is on the basis of their origin and control. This breakdown yields three categories, admittedly with some overlap.

In the first category are establishment-dominated development organizations. These include the Ford-funded Council for Equal Business Opportunity (CEBO) and the Interracial Council for Business Opportunities. Another highly touted effort is the Rochester Business Opportunity Council (RBOC), a local chamber of commerce group supported by the city's "power structure" and financial institutions. RBOC makes direct loans to some, refers others to local banks, and coordinates SBA loans. Its most notable achievement has been the establishment of FIGHTON, a black-owned corporation employing about 100 workers producing electrical transformers and metal stampings for the Xerox Corporation.

The second group of development corporations are minority initiated and controlled. Since many Negro leaders are establishment men, control over some organizations in this group may be more a matter of color than of substance. Included in this category are New York's Harlem Commonwealth Council with which Roy Innis of the Congress on Racial Equality (CORE) is associated; the Green Power Foundation of Watts, 90 percent owned by Negro businessmen and engineers; the Black Economic Union formed by Jim Brown of Cleveland football fame; and NEGRO, headed by Dr. Thomas W. Matthew of New York.

Another well publicized undertaking is Reverend Leon Sullivan's 10-36 program in which 3,000 Philadelphia residents have agreed to invest $10 a month for 36 months in a "people's installment stock market plan." These contributions made possible the opening of Progress Plaza, a $2.5 million, 16-store shopping center. Sullivan insists that effective programs cannot be superimposed on people. He stresses the need for black initiative and control, contrasted with the RBOC approach.

The third category is distinguished by shared leadership between blacks and establishment men. This group includes Pittsburgh's Business and Job Development Corporation, which has worked closely with Westinghouse Electric Corporation in opening a subsidiary, the Greater Philadelphia Enterprises Development Corporation funded by EDA and SBA, and the Bedford-Stuyvesant development efforts.

In Bedford-Stuyvesant there are two sister corporations. The Bedford-Stuyvesant Restoration Corporation, composed of local representatives, initiates and directs all projects. The Development and Services Corporation, made up of establishment types, is responsible for bringing in the needed resources.

In operation since June 1967, the two corporations claimed 27 new businesses with an employment potential of 1,268 at the end of 1968. This claim must be tempered by the fact that five firms with 911 potential employees received no funds or other tangible assistance from the development corporations. The other 22 firms were given financial and technical assistance for development and operation. The average direct funding amounted to $35,000 per firm, while the total management assistance costs were about $7,000 per business. Thus, it cost close to $1 million to develop 22 firms whose average potential is 16 employees. Even with high initial costs, success is not guaranteed and additional subsidies may be required to train the employees and to keep the new businesses in operation.

The effect of black capitalism programs on ghetto income depends first on the success of black-run businesses. There are strong reasons to believe that they will not be very profitable. The firms that would be acquired under all but the most radical black-capitalism proposals would be small and located in the ghetto, and their chances for growth and profitability under any management would be limited.

There is also a lack of trained managers among Negroes. For instance, in 1966, there were less than 15,000 black officials and managers, and the Federal Government employed, in 1967, only 4,700 Negroes with an annual salary in excess of $12,000. While this group has expanded, and though it is not the complete universe from which black businessmen will be drawn, it is clear that a shortage exists and that this would be an immediate constraint on any large-scale program of ownership transfer, whatever arrangements are made to carry out such a program. Black companies would have to compete for black talent and the demand already greatly exceeds the supply.

## Profit Impact Is Small

Even if Negroes achieved equality of ownership, and their businesses were as profitable as others, the aggregate effect would not be large. Profits are only a small part of total income. A 2 percent increase in wages and salaries would have more effect on the total income of the average Negro than a 100 percent increase in profits.

Proponents of ownership transfers have claimed that keeping profits within the ghetto will have a multiplier effect, since they will be respent and generate further income for ghetto residents. Keeping profits in the ghetto would enlarge the multiplier as claimed, but the amount of increase is very small since profits are a small proportion of total income.

Based on data for Philadelphia, a city-wide multiplier of 1.30 would increase to about 1.33 if all the profits earned on residents' purchases were added into the income flow. The change would not greatly

## Ghetto Business Development

*continued*

improve economic conditions of city residents, and for smaller areas within the city the effect would be even less since for smaller areas the multiplier approaches 1.0. Thus, programs to give blacks proportionate ownership are likely to have little effect on their income and would do little to improve the economies of the central city.

There is an increasing awareness of the magnitude of urban problems as well as a growing consensus on the need for society to undertake corrective action. Careful analysis of central city economies suggests that subsidized economic development efforts have serious limitations. Businesses can be attracted on a small scale through the present programs of SBA, OEO, EDA, and the Labor Department, but new and large-scale programs are of doubtful efficacy. Local development corporations and the machinery of the Small Business Administration can also be used to increase minority ownership, though lack of managerial talent will impose sharp constraints on these efforts even if funds are increased.

### Subsidy Not the Answer

To suggest continuation and gradual expansion of present programs rather than new and massive development efforts is not to deny the very real problems of ghetto areas. Central cities need help, but subsidized economic development can contribute little to solving the plight of ghettos.

First, there are very formidable political difficulties in singling out specific areas for attention. The experience of Federal efforts to aid depressed areas has clearly demonstrated the trend toward expanded eligibility and the difficulty of limiting the benefits of the program on the basis of need. The Area Redevelopment Act was originally conceived to help a few dozen economically depressed cities, but within 2 years over a thousand counties—1 of every 3 in the country—were made eligible to participate. Similarly, programs to develop ghetto entrepreneurship are not likely to receive a disproportionate share of funds for business development. And there is strong opposition to the very concept. An AFL-CIO statement on minority entrepreneurship denounced it strongly: "Attempts to build separate economic enclaves, with substantial tax subsidies, within specific geographically limited ghetto areas, is apartheid, antidemocratic nonsense."

Second, there are inherent dangers in implementing massive programs based on limited experience and untried theories. The worst possibility is not just the loss of the alternative uses for the funds; the inflated promises which may be necessary to initiate any large-scale effort can compound the problems of the ghettos if the promises remain unfulfilled. And after programs have been initiated, it is often difficult to cut them back even if they are ineffective.

Third, the problems of the central city are to a large degree intractable and the proposed remedies do not appear likely to reverse the secular economic decline of the largest cities. For example, one leading study of the spatial distribution of economic activity found that conditions during World War II reversed long-run trends towards the dispersion of manufacturing to suburbs and smaller cities. Due to wartime controls and the immediacy of defense needs, increases in employment occurred in or around existing plants, which were concentrated in the larger cities. But as soon as the war ended and conditions returned to normal, employment dispersal resumed at an accelerated rate. There is no way to measure the extra costs related to the above World War II experience, but admittedly they were huge and still did not have a lasting effect.

Finally, there are alternatives to programs of central city economic development that may be preferable. Much of the problem continues to be discrimination, both in central city and suburban employment. Training programs to prepare the disadvantaged for decent jobs, and increased efforts to assure equal employment opportunity, would improve access to existing jobs and might have more effect than raising the number of central city jobs. And rather than bringing jobs to people, greater efforts should be made to increase the access of people to jobs through provision of more low and moderate priced housing, the elimination of housing discrimination, and improvements in public transportation. Programs which improve mobility are preferable to those which subsidize immobility. It is, after all, the people of central cities who must be helped, not the central cities themselves.

# Public Services

# City Jobs for City Needs

By HERBERT M. FRANKLIN

"Once—it is a thought which troubles us—once it was a simple enough matter to be a human being, but now it is deeply difficult; because life was once simple, but is now complex, confused, multifarious. Haste, anxiety, preoccupation, the need to specialize and make machines of ourselves, have transformed the once simple world, and . . . we have seen our modern life accumulate, hot and restless, in great cities. . . ." So wrote Woodrow Wilson from the quiet Princeton campus in 1898.

But in a burst of optimism that seems so difficult for us to equal today, he added: "We cannot say that the change is not natural: We see in it, on the contrary, the fulfillment of an inevitable law of change, which is no doubt a law of growth, and not of decay."

Perhaps the major reason why so many observers of urban growth in America find it difficult to accept Wilson's optimism is their growing apprehension over trends that have been discernible in our metropolitan areas. A projection prepared for the National Commission on Urban Problems estimated that the nonwhite population in central cities will increase by 1985 from 10.4 to 20.1 million, while the white population in the same areas declines by 2.4 million. Thus, to the already uncooperative relationship between city and suburb will be added the divisive tensions between the races—a trend already underway in some places.

No American conscious of our traditional faith in the wisdom of local solutions to urban problems can fail to be deeply disturbed by population patterns and public attitudes that simply sweep aside the power of imaginative and resourceful local leadership. The "new realism," accordingly, consigns our central cities to a bleak future of poverty-stricken blacks surrounded by a ring of affluent and indifferent or hostile whites.

In the 7 decades since Wilson expressed his typically American discomfort with urban life, our cities have been affected by massive tides of immigration and emigration, a technological revolution that has reshaped urban form, four major declared or undeclared wars, a devastating depression, unparalleled racial tensions, and widespread political alienation. Many cities now face the prospect of bankruptcy for urban services like public housing, museums, education, and other vital city needs. If you can't fight City Hall, it is also apparent that City Hall can't fight its problems alone.

Another observer of urban politics—and another Wilson—Professor James Q. Wilson, cast this judgment in 1963:

"The central city may have to abandon the goal of recolonizing itself with a tax-paying, culture-loving, free-spending middle class and be content instead with serving as a slightly dilapidated way-station in which lower income and minority groups find shelter and a minimal level of public services while working toward the day when they, too, can move out to a better life. That, of course, is in great part the function that at least the older central cities of this country have always performed, and until we run out of lower classes (a day unfortunately far in the future), that may be the function they must continue to perform."

Professor James Wilson's assessment was expressed chiefly in criticism of the federally assisted urban renewal program which in its earlier days was premised on the assumption that it could stem or even reverse the flow of middle class families to the suburbs. In those terms, it has not met with notable success, and it is being redirected to serve the needs of those of low and moderate income.

## Cities Worth Saving

Urban leaders, however, find it difficult to live with predictions of a bleak future for central cities. Mayors—black or white—of major cities will not and should not be content with presiding over a growing number of urban halfway houses. Nor will they readily embrace the corollary notion that their constituents, simply by remaining in the city, have failed in the race to suburban grace.

Congress also has given evidence that it believes the central cities are worth saving or improving as worthy places to live and work. The congressional report in support of the Model Cities Program noted that it was addressed to the fact that cities were becoming "increasingly a home for the economically deprived, those least able to bear the cost of municipal services."

It is not clear, of course, whether the beneficiaries of increased social services in the program will choose to remain in the

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Mr. Franklin is an executive with the Urban Coalition. The views expressed in this article, however, are not necessarily those of the Coalition.

model cities areas or even in the city itself. Many, undoubtedly, will do so, particularly if housing, neighborhood facilities, and municipal services are upgraded sufficiently. Others may choose to leave. In fact, it has been argued that if the program meets with extraordinary success the social indicators might be worse in the affected areas than before, because the beneficiaries of upward mobility will have left for better neighborhoods, many of them outside the central city. Under this set of assumptions, those who remain would continue to be a drain on municipal resources.

If this happens, we may be hearing from a number of critics who dismiss Model Cities as a failure or as so poorly conceived that it achieved effects opposite from those intended. Perhaps it may even be condemned then as promoting a policy of "dispersing the ghetto" instead of helping those most in need in the central cities.

### Resources Inadequate

The point to be kept in mind in discussions of Federal policy on "dispersing" or "gilding" the ghetto—to use the convenient shorthand—is that the Federal resources applied thus far to solve social problems are incapable of promoting either policy even if we have general agreement on which one we want. As the National Commission on Urban Problems observed, we are not faced with a choice between dispersing the ghetto or making it livable. "We are doing neither. The Nation must do both."

In other words, we had better design and judge social programs on the basis of their ability to help people make their own choices. These choices ought not to be Hobson's choice of a minimal level of public services and job opportunity in the central cities and a closed suburban environment with increasing job opportunities but no way to reach them. That is the "choice" facing the black urban poor today.

Businessmen, in particular, are familiar with the behavior of enterprises that, however well conceived, are underfunded. The initial creditors have a stake in keeping things afloat for a time until they, too, lose faith in the venture's ability ever to turn the corner. Government programs with ambitious goals suffer similar fates when they are financially or politically starved. They never quite turn that cash or social value flow around.

It is important to keep in balance some understanding of the scale of Federal public policy when we evaluate or promote its ability to deal with difficult social problems. For example, even the policy which has been so roundly criticized in the past, whereby Government efforts abetted the creation of tracts of white-owned, single-family homes in the suburbs, must be put into perspective. In the decade 1945-55, a very productive one for the single-family home industry, the Federal Housing Administration (FHA) insured mortgages on an average of only 18.5 percent of the Nation's private nonfarm single-family homes construction, a figure which changed little in the following decade, 1955-65.

During that earlier decade, on the other hand, FHA participation in multifamily housing averaged 53.5 percent of those very lean years, a peak percentage it has never even approached since 1954. If we date 1954, the year of the Supreme Court school desegregation decision, as a benchmark in the national struggle over civil rights, the FHA since then has played a decreasing role in housing production generally and certainly a very weak one with respect to low and moderate income housing.

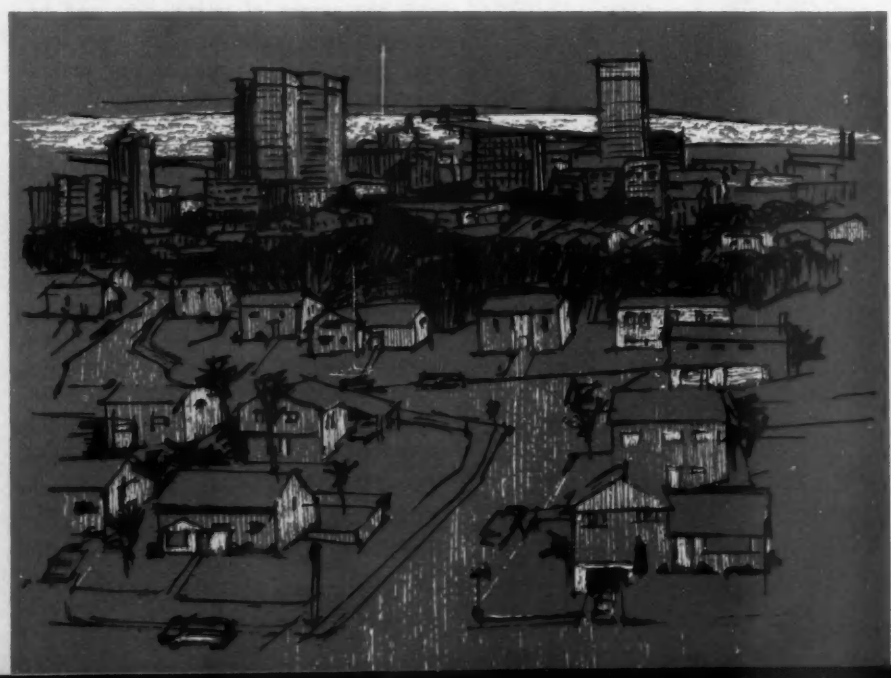
What this means is that if FHA or any other line governmental agency is to be regarded and judged as the vessel for policies that run against strong currents in the larger economy, it must be given resources adequate to the task.

For example, a ghetto dispersal policy cannot rely on a program of mortgage insurance or direct loans to local bodies that often cannot operate in the suburbs. A restructuring of the Federal role from that of passive financier to active entrepreneur would be required. Wide ranging adjustments to our system of land use and development controls would also be required. In the absence of these basic changes in the system—and massive increases in our housing supply—a small increase in the number of low and moderate income housing units in the suburbs will tend to be occupied by eligible suburbanites.

In framing a national jobs policy, similar questions arise concerning the wisdom of bringing people to jobs or bringing jobs to people. The Nation must do both. And the resources applied must be sufficient to make an impact.

It is now well documented that job opportunities are increasingly located in suburban sections of our metropolitan areas. According to the Bureau of Labor Statistics (BLS), almost half the total valuation of new private nonresidential building permits issued in the 1960's in Standard Metropolitan Statistical Areas (SMSA's) has been for structures outside the central cities. For SMSA's in the Northeast, the figure is more than half, and for industrial plants (as distinguished from mercantile or office buildings) the figure increases to over 60 percent.

More than half of all new employment in the 1960's in large SMSA's was generated outside the central city. In the larger areas this figure, according to the BLS, rises to 75 or 80 percent.



Compare these figures with those for housing and transportation and the dimensions of the problems come into focus. Along with new jobs, the suburbs in 1964-66 got half of the new housing in the Nation, 22 percent being built in small towns and rural areas, and only 28 percent in central cities. And because census figures do not include mobile homes, they understate the small town and rural percentage and overstate the central city percentage. Journey-to-work data indicate that blacks in the central cities do not commute to suburban jobs because of unreasonable cost and inconvenience.

What social policy might produce early results in linking new jobs with those who need them? A mass transit trust fund, which is intended to produce a balanced transportation system in metropolitan areas has been proposed. But the lead time for positive results, even if this idea is adopted, is enormous. Our national housing production is lagging so pathetically that more and more observers are concluding that the basic structural changes mentioned earlier will be called for if we are ever to introduce low and moderate income housing into suburban areas in sufficient quantity to enable black workers to move closer to employment opportunities. These steps, too, will take time, but they are essential.

## Vast Job Potential

Most discussions of ways to match jobs with the central city residents who need them most desperately focus on the private sector. Yet expansion of public services—especially municipal services—offers one of the most immediate and socially productive routes to employment for the urban disadvantaged. Recent studies estimate that our need for increased levels of basic community services—utilities, transportation, education, health, recreation, safety, and cultural activities—are capable of generating in the near term 4 to 5 million job opportunities, most of them in central cities.

To determine what employment opportunities might be immediately opened up by an expansion of existing public facilities and services, the mayors of 50 major cities were asked last year to estimate how many additional personnel would be needed to implement at least a 10 percent increase in the level of 13 public services. The results suggested that this would produce 280,000 jobs, at least half of which could be held by persons without technical and professional training. This does not include any estimate for job creation in the expansion of private nonprofit service categories. For other reasons as well, it may be regarded as a conservative estimate even for an effort to meet the backlog of urban needs. If we wish seriously to raise the level of public service to optimum heights, the possibilities are multiplied.

Witnesses testifying before the Joint Economic Committee's review of the Kerner Commission Report did not agree on the role of public policy in bringing about a better match between the location of new jobs and the residence of workers. Some suggested that it would be inefficient to subsidize private industry to invest in the ghetto in the face of strong trends impelling the dispersion of jobs to the suburbs. Others argued for the revitalization of urban centers.

If we recognize the tools that can be readily marshalled at the Federal and local levels, however, it is apparent that a public service employment program is best able to help people in need most quickly. Not only can we create jobs, but we could contribute to the upgrading of public services in central cities. This would go far in enhancing the long-term viability of urban neighborhoods.

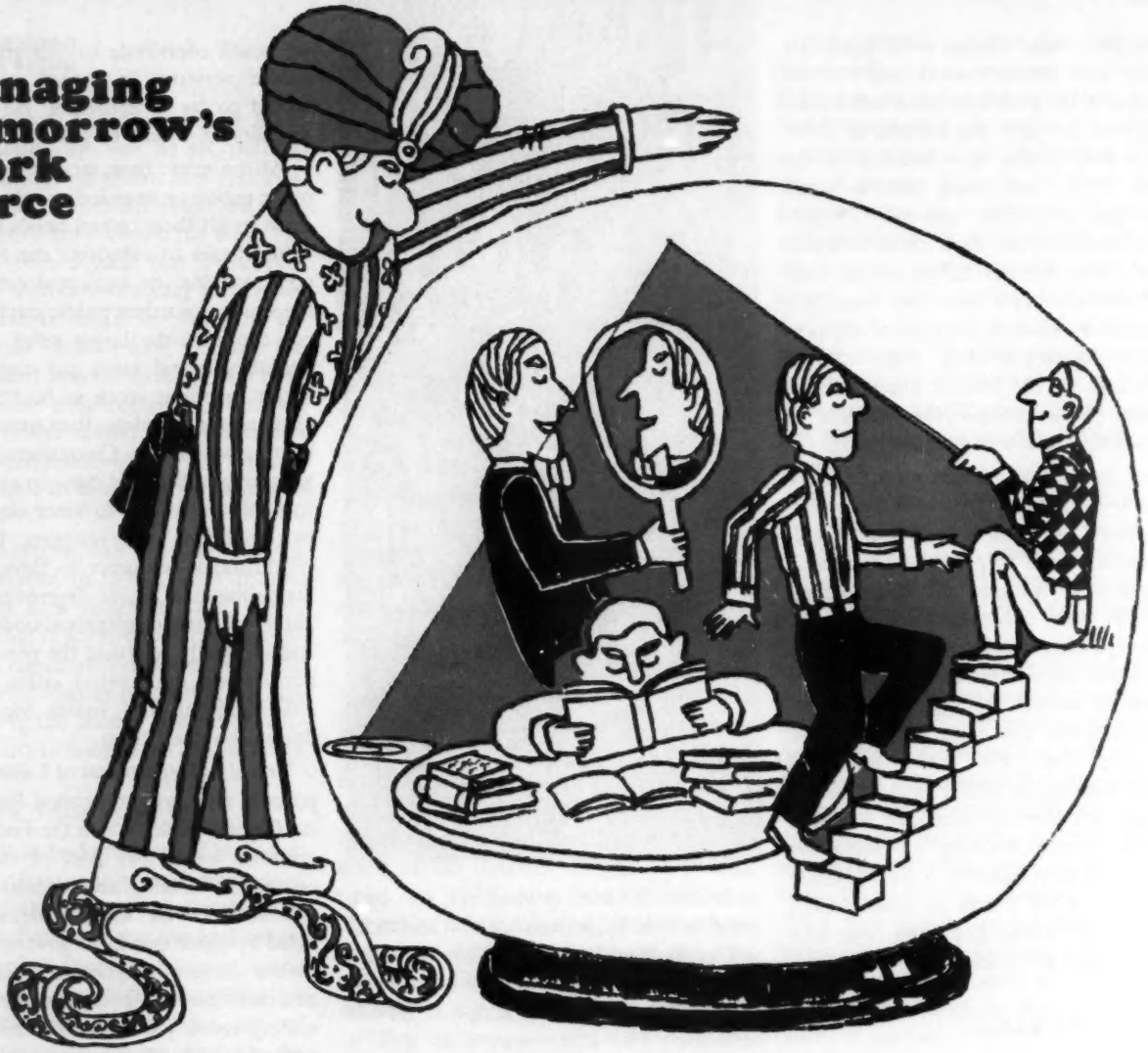
At the same time, grants to cities and other public or nonprofit bodies to enable them to fill these unmet needs for service would begin to substitute the Federal income tax for the local real estate tax as the source for urban public services. Taxes per capita in the larger cities are higher and they spend more per capita on all major functions, such as health, welfare, sanitation, and safety, than other forms of local government. Consequently, a program of grants to the cities to enable them to improve services to inner city residents by employing the residents themselves would apply resources to three facets of the problem at once: Improving the livability of urban neighborhoods, directly and indirectly relieving the pressing fiscal burdens on our central cities, and providing decent jobs within the reach of those who need them.

The U.S. Department of Labor has proposed a new program called Public Service Careers under which the Federal Government would pay part of the cost of on-the-job training and intensive supportive services for disadvantaged persons hired by State and local governments and certain nonprofit agencies. It is a major and desirable step in the direction of stimulating more job opportunities and improved local services in our urban centers.

"The embattled city . . ." as Charles Abrams has written, "has witnessed both freedom and revolt during its periods of transition and crisis. Despite its more complex environment, the city has somehow been able to proffer the hope of progress to the world's underprivileged people. The availability of training in a city has brought man greater opportunity to equip himself with a skill to fit an aspiration and more jobs from which to make the choice. It is in the city that he can best acquire the knowledge essential to identify more electives and strive for their attainment through a greater number of avenues."

There will be 100 million more Americans by the year 2000. They and the rest of us deserve better housing, parks, hospitals, schools, police, and fire protection —in short, better cities—than we have today. Whether the Nation gets the better cities it needs and wants depends on the commitments we make today.

# Managing Tomorrow's Work Force



By VIRGIL B. DAY

Few people today question the need for a continuing process of self-renewal to counter the accelerated aging of the Nation's institutions. No one has written more eloquently on this subject than John Gardner, head of the Urban Coalition, who recently expressed his fear that change is coming about too slowly to prevent the Nation from losing "a commanding grip on its problems."

But Gardner's message is not one of despair and resignation. "The tasks of social change," he says, "are tasks for the tough-minded and competent"—adding that "those who come to the task with the currently fashionable mixture of passion and incompetence only add to the confusion." The "tough-minded" effort he calls for entails the preservation of pluralism and the creation of the self-renewing society.

The lesson of future history will be that accelerating change demands an activist philosophy that states (in effect) that we can be masters of our fate rather than victims of circumstance. Without such a philosophy, events will be firmly in the saddle, riding society on a reckless course. With it, we may be able to create a more tolerable environment in which the human dimension is dominant.

However, to take anticipatory action, we first must be able to project the probable course of events. Without some planning and preparation, we will be unable to make sense of the many items of change that assail our senses every day. We need a keener sense of social forces and what one educator has termed "an instinct for creative survival in a political world." With these objectives in mind, General Electric 2 years ago established a business environment component to provide the type of environmental forecasting that is fast becoming an essential input for corporate business planning as a whole.

Too many of the business plans corporations devise today are still two-dimensional affairs. They are based upon economic projections (estimates of gross national product components, disposable income, market segments, and the like) and of technological forecasts (for instance, the probable development cycle of new materials, new products, new processes). The sudden eruptions of new forces on the international scene, and on our campuses and in our cities at home, by now should have made it abundantly clear that business planning must have two additional dimensions—social and political

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forecasting—if it is to make sense in tomorrow's world.

The initial venture of General Electric's business environment component into these fields of forecasting was a report entitled "Our Future Business Environment: Developing Trends and Changing Institutions." The study was based upon an extensive literature search, and on a series of dialogues with 65 of this country's most eminent economists, sociologists, political scientists, historians, and observers of the business and labor scene. Clearly, then, the final production represents their thinking and predictions, not General Electric's. But it does provide us with a valuable base from which to assess the probable impact of environmental change on our company, and to plan the needed action and response to meet and shape these trends.

## Shifts in Attitude

A highly significant conclusion of the study is that the key future problems of society will be essentially "people problems," and that the major determinants of social and political change will be shifts in attitude rather than purely physical changes. Of course, physical changes—more income, new products, better schools, urban renewal—are important. They will be most significant as tangible indicators of our changing way of life. But it is the less tangible, less obvious forces that may combine, in subterranean fashion, to work the greater changes in our society. Some of the changes in attitude mentioned in this study were:

- Emphasis on the quality of life;
- Some modification of the old Puritan work ethic, and a growing belief in leisure as a valid activity in its own right;
- A new "self-image" that higher education bestows on its graduates;
- Rejection of authoritarianism as an acceptable style;
- Growing belief in the values of pluralism, decentralization, participation, involvement;
- Heightened respect for individual conscience and dignity.

One projected change in attitude merits particular attention. There are many indications that society will be moving through a period of increased public impatience—a lower frustration tolerance with many forms of economic hardship (such as poverty and unemployment); with social injustice; with strikes against the public interest and other disruptions. It is an impatience born of affluence, and aggravated by the conspicuous difference between the ideals of our society and our actual performance.

This impatience also is influenced by the rising level of education and by the social unrest now so prevalent. It is a factor business must reckon with in trying to assess what public reaction to corporate actions is likely to be. It is a state of public mind that can be expected to seek "instant" solutions to problems, rather than good solutions if they are slow; and business inevitably will be tied in with these solutions—good or bad—at popular insistence, and maybe under government pressure.

A second important conclusion is that youth will dominate the labor force of the immediate future. The 1965-75 decade will see the addition to our labor force of 15 million workers—the largest increase in our Nation's history—and nearly 10 million of them will be between 20 and 35 years of age. By 1975 these age groups will represent nearly 40 percent of the total.

## Accent on Youth

In this age group will be concentrated the combined effects of higher educational achievement, changing attitudes toward work and leisure (and money), and lower frustration tolerance. The more intellectually oriented among them are expected to be concerned with the "quality and meaning of life," intent on improving things quickly, impatient of old shibboleths—and of any institution that does not share their concerns. In the fullest sense of the term, they will tend to be "anti-establishment," questioning the old ways of dealing with problems, and even the old value-systems and priorities.

Yet it is from these restless, questioning groups that organizations will have to draw the new professional and technical manpower which will be in such demand in the next decade.

Since personnel work has been geared to what will be the older half of the labor force by 1975, it is to the work aspirations and compensation expectations of younger workers that research and study must be largely directed. In this era of impatient youth, is business opening up opportunities for new young leadership to rise rapidly enough to positions of decision-making authority and responsibility? Or do corporations still insist on long-duration training programs and gradual advancement through a cumbersome hierarchy of management? Are the risk-takers really willing to stake their business success on dynamic young leaders with new ideas?

This emphasis on youth leads to a third conclusion that gets to the heart of business' commitment to the development of America's human resources. Our research suggests that the major industrial relations challenge will be in learning how to manage and motivate a bimodal work force—a work force which poses key and highly divergent problems to managers at its two extremes. At one extreme will be the top 15 percent represented by key professional and managerial workers. Before 1975 we shall have passed a significant milestone in labor force history: For the first time, professional and technical workers will outnumber skilled craftsmen.

At the other extreme of this bimodal work force will be the bottom 15 percent of our urban and rural disadvantaged. The first group consists of the highly educated, affluent, highly mobile, and highly motivated; the other, of the poorly educated, poverty stricken, ghetto-bound, poorly motivated.

In the top 15 percent will be concentrated, in heightened form, all of the characteristics and attitudes of youth already mentioned. Competition for their services will be severe; and there will be a growing tendency for them to have careers that embrace a variety of work experiences with different institutions as they search for satisfaction and self-realization in their work.

To motivate the productivity of this high-priced manpower and to engender in them some commitment to organizational objectives will be a personnel relations task of the first magnitude. Undoubtedly, with their highly developed talents and consciousness of their own worth, they will place a premium on job-enlargement, on wide latitude in the

selection and execution of work assignments, on greater individualization of compensation policies. These will be people for whom life-long learning is not merely a slogan; opportunities for continuing education and self-development will certainly be considered an integral part of the job packages they will assess in making their career decisions.

At the other end of the spectrum, industry will have both a business need and a social commitment to reach out to the disadvantaged and hard-core unemployed and help bring them into the economic mainstream of the free enterprise system. Predictions of steady economic growth, relatively low unemployment rates, and a tight labor market suggest that business will be forced to turn to hitherto untapped manpower pools to meet its labor needs.

Some of the more obvious pools of reserve manpower are to be found in urban ghettos and underdeveloped rural areas. Virtually all the manpower reserve in these areas has hitherto been considered "unemployable" by business, but (as in World War II) labor needs are prompting a reevaluation of this judgment. Reinforcing this business need are public and political pressures on companies to become involved in—indeed, to spearhead—the national commitment to solving the employment and training problems of the poor.

Employing, training, and motivating what might be considered the bottom 15 percent of the labor force will involve problems vastly different from those associated with motivating the top 15 percent—different from anything business has tried to do before in the way of hiring and training. For instance, where job enlargement is indicated for work assignments for professional and technical workers, job fragmentation may be essential to cope with the lack of training and work experience of the disadvantaged.

Where opportunities for advanced self-development are appropriate for professionals, we may have to provide programs to meet the basic literacy requirements for the poorly educated unemployed.

Where a loose form of participative management may be the correct managerial style in one instance, experience in ghetto plants suggests the advisability of a smaller span of control, more thorough guidance, and some form of "buddy system" for the disadvantaged.

The sheer variety of needs and aspirations demands that industrial relations philosophy should focus on the individual. Less and less will the blanket arrangement or uniform plan meet business needs. More and more often, companies will have to come down to the individual employee in determining work structure, educational opportunities, and compensation practices. As in the larger world of business planning, flexibility will be a key word.

## Closer Public Scrutiny

The public's insistence on business involvement in problems of poverty, unemployment, and training is just one indicator of what is in effect a rewritten charter of expectations of private companies. The public will expect more from business with respect to the "quality of life" in business organizations and the quality of business contributions to society. Even within just the manpower segment of this new charter, companies are going to have to live with the fact that both the public and government will be more inclined to scrutinize their performance in such areas as:

- Establishing long-range goals that are in harmony with national manpower policies.
- Running the business with prime consideration for the human factor in the equation.
- Locating plants in urban or underdeveloped rural areas.
- Hiring, training, and testing practices that represent a real "outreach" into the community.
- Providing opportunities for employees to continue their education and development.

Partly for these reasons, it is reasonable to conclude that personnel and industrial relations work will take on a new community relations dimension. The next 5 years will likely see a proliferation of organizations—mainly at the community level, but some at the national level—addressed to action and communication programs on various aspects of the urban crisis (employment, education, urban renewal, transportation, pollution control, etc.). In contrast to the past, many of these new activities will be aimed at business' internal affairs as well as its external environment.

In the past 20 years or so business has learned how to negotiate with unions and to work with the economic and political forces involved in bargaining situations. In the next 10 years a similar expertise and effort may be needed to deal effectively and constructively with organizations such as FIGHT, the Urban Coalition, community action groups, and community development corporations.

Two notes of realism need to be emphasized at this point. The first is that to build in true social change and self-renewal, America must first know its strengths as well as its weaknesses. It is not much of an exaggeration to say that we have largely solved our society's quantitative problems. Where we are hung up is on the qualitative problems.

The trick obviously is how to remedy the problem without throwing away the good; how to resist the cries for instant utopia, while stepping up the pace of institutional change.

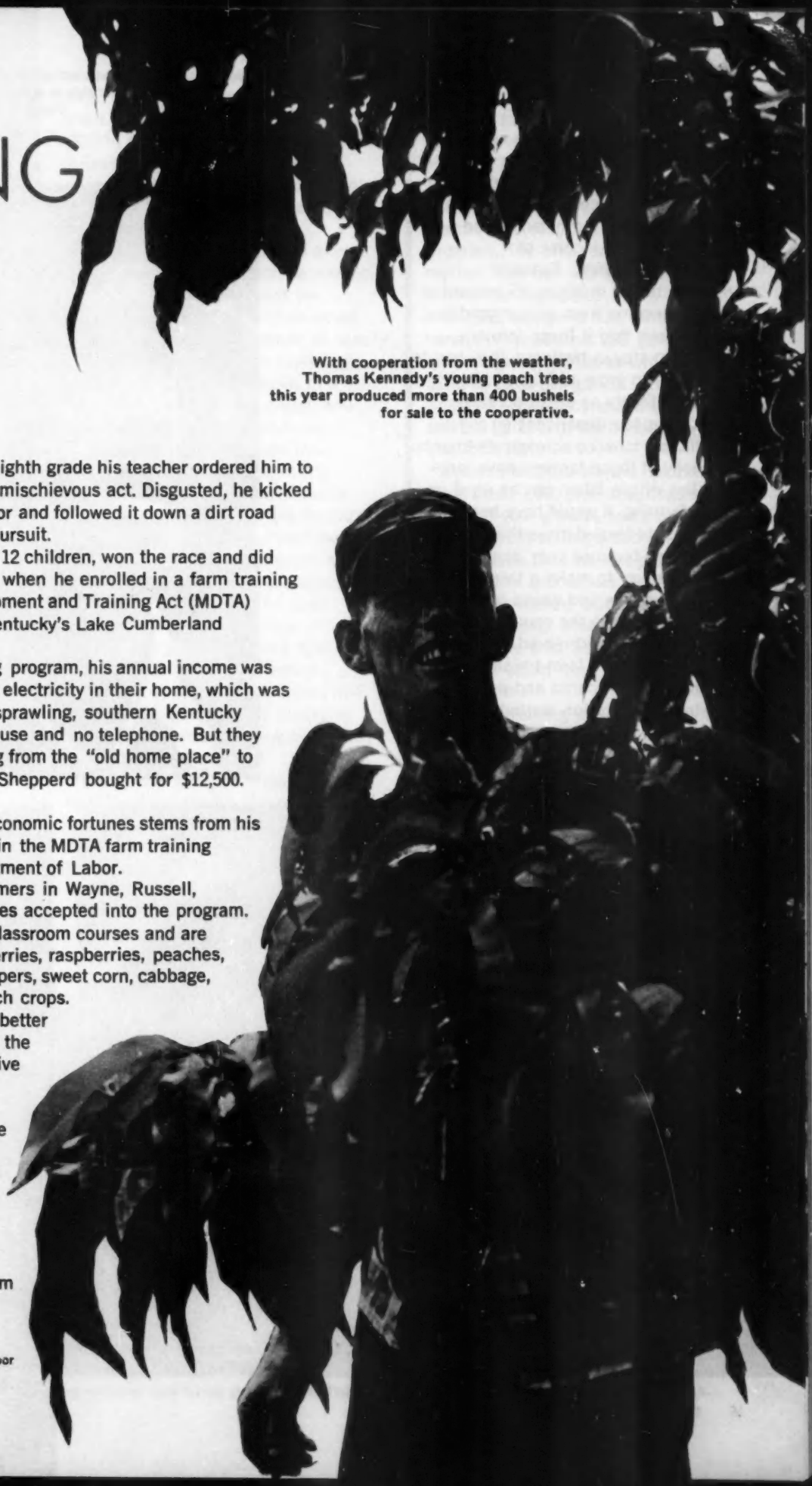
## Serving Two Masters

The second note of realism is that business is a profit-oriented institution. Profit is still an indispensable motivator and measure, though not the end. Marginal or profitless companies are not in the main the ones that are providing new employment, new products, new capital, new scientific and technical knowledge, or any other of the socially desirable things that people expect from business—because they can't afford to.

In meeting its primary profit role, business can also fulfill significant social needs. Businessmen as individuals are citizens and, by virtue of being leaders in their own field, they are very often socially sensitive citizens. But apart from participation as individuals, business as business is necessarily involved in meeting significant social needs, helping to solve pressing social problems.

In short, contrary to the beliefs of some individuals, business can serve two masters, and serve them well.

# FARM TRAINING YIELDS BUMPER CROP



With cooperation from the weather, Thomas Kennedy's young peach trees this year produced more than 400 bushels for sale to the cooperative.

By Jack H. Shepherd

When Willie Shepperd was in the eighth grade his teacher ordered him to sit on a nail keg as punishment for a mischievous act. Disgusted, he kicked the small barrel out the classroom door and followed it down a dirt road in a determined run, the teacher in pursuit.

Shepperd, now 49 and the father of 12 children, won the race and did not return to school until 5 years ago, when he enrolled in a farm training program under the Manpower Development and Training Act (MDTA) designed to teach small farmers of Kentucky's Lake Cumberland area how to grow specialty crops.

When Shepperd entered the training program, his annual income was about $850. He and his family had no electricity in their home, which was located in the center of 241 acres of sprawling, southern Kentucky country. They had no water in the house and no telephone. But they have those facilities now, after moving from the "old home place" to a nearby house on a 58.5-acre farm Shepperd bought for $12,500.

And he paid cash!

This dramatic turn in Shepperd's economic fortunes stems from his success in applying what he learned in the MDTA farm training program sponsored by the U.S. Department of Labor.

Shepperd was one of 200 small farmers in Wayne, Russell, Pulaski, McCreary, and Clinton counties accepted into the program. Of that number, 187 completed the classroom courses and are now producing blackberries, strawberries, raspberries, peaches, blueberries, grapes, green beans, peppers, sweet corn, cabbage, tomatoes, watermelons, and other such crops.

They have tripled their income or better and, largely because of this success, the Cumberland Farm Products Cooperative came into being earlier this year. Located in Monticello, it offers a central farm produce marketing place for its 404 members.

Hulan Wallace, former manager of the Somerset District Office of the Kentucky Department of Economic Security and currently assistant director of the Kentucky State Employment Service, said the program has had a permanent impact on the community.

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Mr. Shepherd is a U.S. Department of Labor information officer in Nashville.

# FARM TRAINING
*continued*

"During the early 1960's we recognized the dire need for some sort of program to help small farmers in this area," Wallace said. "Wayne County farmers, for instance, had a gross per capita income of approximately $600. Tobacco represented as much as 75 percent of the net income from all commodities. We realized that if these farmers wanted to stay in business, they had to learn how to grow additional cash crops profitably on small acreages. They were too dependent on insufficient tobacco acreage allotments.

"Many of these farmers have large families whose labor can be used in truck farming. It would have been senseless to try and move them to some other work because they don't know any other way to make a living. They own their farms and would have been reluctant to leave the country where they were born and reared."

A proposal for a farm training program was prepared and approved, and trainee selection started in the fall of 1963.

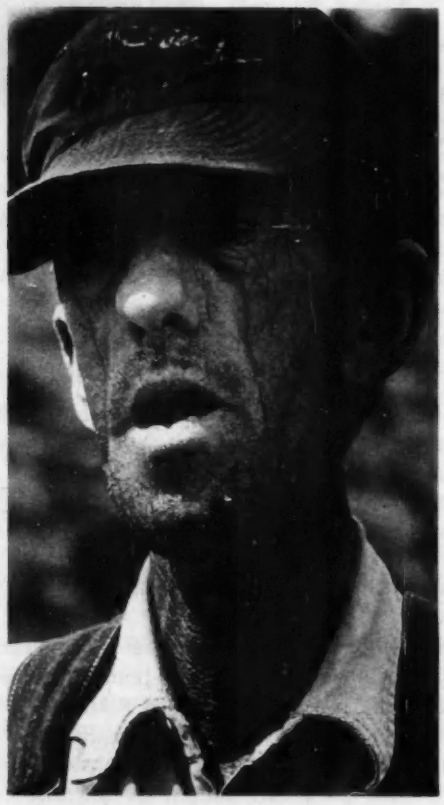
Those picked for the 32-week courses were screened carefully by the local employment office manager, County Extension Agent, Farmers Home Administration county supervisor, Agricultural Stabilization Conservation Service manager, Soil Conservation Service conservationist, and the vocational agricultural teacher.

All trainees selected had less than $1,200 annual income. Each was required to be dependent primarily upon farm income for his livelihood and to own or have a financial interest in the farm, livestock, and equipment involved. He also had to possess the physical and mental qualities necessary to meet the objectives of the program, and agree to work a minimum of 400 to 500 man-hours in addition to his regular farm duties.

It was the belief of the committee, composed of the screening agency representatives, that the annual income of the participants eventually could be increased by $1,000 to $3,500 through training, improved marketing, and diversified production. (Even the smaller figure represents a major

**The Shepperds' youngest daughter sticks close to her mother's side as she displays the fruits of her labor.**

**Willie Shepperd**



**Strawberries like these mean more than $1,000 a year to the Shepperd family.**

**Picking strawberries is a family affair for the Shepperds.**

advance in living standards for the area. In 1968, per capita income in the five counties ranged from a low of $879 in McCreary to a high of $1,737 in Pulaski. By comparison, the per capita figure for Kentucky as a whole was $2,614, and for the United States $3,410.)

Each trainee spent 30 hours a week in the classroom for which he was paid $34 in subsistence, though he continued farm operations as usual. He was taught management of family resources, farm program planning, production and management of a variety of livestock and crops, and operation and care of machinery.

Progress was noted from the beginning in farming and in the personal lives of the participants. Trainees started using more fertilizer on their crops, getting a much better yield. Some reported increases as high as 50 percent in corn yield alone. New homes were built and old ones improved. Fences were repaired, undesirable growth cleared and replaced with pine and locust seedlings, special crops planted and, through the guidance of program supervisors, better farming practices in general were adopted.

What Willie Shepperd learned in his training course helps him raise more than $1,000 worth of strawberries annually. The original plants are still producing and he plans a new crop in 1970.

Mrs. Shepperd and the eight children now living at home are helping harvest his acre of cucumbers this year, plus an acre of sugar corn, 800 tomato plants, a half acre of beans, 1½ acres of burley tobacco, a large crop of Irish potatoes, peas, and other vegetables. They also help spray, care for, and harvest the 2-acre peach orchard he started as a result of the MDTA program. The children help their mother "put up" 600 half-gallon jars of food for the home.

In 1968, Shepperd had 1 acre of sugar cane that produced 200 gallons of tasty sorghum molasses which sold for $2.75 to $5.00 per gallon. This year, he has 3 acres of cane and expects to sell 600 gallons of the black syrup for about $1,900.

When Shepperd started his training he planted 2,000 pine seedlings and, after a 2-year growth, had a profitable income from selling small Christmas trees. Since then he has planted 35,000 pine and locust seedlings for soil conservation purposes and for cash-producing timber. Additionally, he recently sold $2,000 worth of charcoal taken from the woodland on his farm.

"I was working just as hard before I got my training, but it was all I could do to make ends meet," Shepperd said. "I just didn't have the know-how." He said that through the classroom lectures and field demonstrations he learned not only the importance of proper fertilization, pest control, pruning of fruit trees, and other techniques so important to a farmer if he is to survive and prosper,

**The eight Shepperd children now living at home help their parents with the farmwork as much as they can.**

## FARM TRAINING
*continued*

but also that he could not depend on just one or two crops for income to support a large family.

Shepperd continues to receive help from representatives of the various participating agencies in the training program. "They visit from time to time and they've got a lot of good advice and suggestions," he said.

In terms of increased income, probably no one has profited more from the program than Shepperd, but other trainees also are doing well:

• Leo Hutchinson chose blueberries as the specialty crop for his Wayne County farm, but only after it was determined by the University of Kentucky Farm Extension Service officer that the soil was suitable. He received $300 for the 100 gallons of berries produced in 1967—the first year. This year he sold 250 gallons for $750. The plants should be most profitable from their 5th to 10th years, when they require minimum care. Most of the berries are sold locally and usually find their way to the tables of southern Kentuckians in the form of blueberry pies.

"It kinda sounded funny when I first heard about growing blueberries for a profit," said Hutchinson. "But I'm glad I picked them as a special crop. I have early and late varieties. This way, I can pick the berries when they get ripe. Keepin' the weeds out of the patch is the hardest part of it all."

• Thomas Kennedy has 203 young peach trees. Last year, due to severe hail damage, they produced only 100 bushels of fruit. This year he sold some 400 bushels to the cooperative. (There are now approximately 500 acres of peach trees in the five-county area.)

• The 4,500 bell pepper plants on the Oakley Upchurch farm should mean a healthy income for this Wayne County farmer, but he prefers to talk about his cucumber crop. Last year he received $700 from one-half acre of "cukes" and expects to do as good or better this year. Upchurch is even prouder of his burley tobacco. He was Wayne County's best producer in 1968, growing 2,176 pounds on a half acre, and was paid $1,626.78, an average of more than 74 cents per pound. He credits this excellent crop to better soil preparation.

**Greenhouse tomatoes require special attention, but they enable Glenn Hall to get them to market when they command a premium price.**

"This year I had to reset my tobacco," said Upchurch, a well-known fox hunter in the region. "My plants looked healthy, but for some reason or other I wasn't satisfied after I set them out. I always have a big bed of plants and if they don't look good, I plant again."

• Glenn Hall's 5,000 field plants will produce many bushels of tomatoes which will be sold at the cooperative. But it is to the tomato crop in his greenhouse that he gives special attention. The plants there make it possible for him to offer vine-ripened tomatoes as early as the first of June, which means he receives a premium price for the produce. It also means he can start another crop immediately after harvesting the first.

Hall is one of several trainees who received instruction in greenhouse operations. In January, the electrical power in the community was out of order for several days, shutting off the humidity and heating plant in Hall's greenhouse. Barring another such failure, which slowed the growth of his current crop, he will realize from $1,500 to $2,000 from this one house, constructed of wooden supports and covered with thin sheets of clear plastic material.

"It isn't easy work," Hall said. "A man's got to stay on the ball . . . keep the temperature just right, and see that the fans keep the circulation goin'. And a fellow's got to fertilize and

sucker his plants in a greenhouse just like you do other crops. But I learned a lot in the course and I believe I'm doin' okay. I learn somethin' new every day."

The cooperative has a central packing and distributing plant, equipped to inspect, grade, package, load, and transport the produce grown in the Lake Cumberland area. Farmers are paid a support price—as long as their produce "meets the grade"—the day they bring their fruits and vegetables to the receiving house. If the crop is sold later for more than the support price, the individual farmer receives additional income at the end of the year.

"The purpose of this cooperative is to make it possible for many small farmers to bring their crops to us and to get their produce to markets paying the highest prices," explained Harold Bray, manager. "For instance, we have what is called a peach defuzzing machine. One small farmer just can't afford to buy this type of equipment for his crop, but we can."

Leo Hutchinson finds "keepin' the weeds out" the hardest part of growing blueberries.

Although plans for the cooperative had been in the making for some time, a paid staff was not hired until April of this year. In addition to Bray, the staff includes a field coordinator, an inspector, two clerical employees, and a day and night watchman. Additional help is required during the heavy harvest seasons.

The average income from farmwork of those who entered the program was approximately 46 cents an hour, based on a 40-hour week, before training. A recent survey among participants revealed that it is now no less than $1.25 an hour and in many cases $2.00 or more.

There have been some disappointments. Blackberry plants were bought and planted one year in anticipation of bountiful crops. Some of the farmers received sterile (male) plants and ended up with nothing more than briar patches. Hail storms damaged some crops, and at times, the weather simply has not cooperated.

The farmers have taken these setbacks in stride and seem to work even harder to overcome them, according to Howard Selvidge, Kentucky Department of Economic Security district office manager. "They help each other. One of the younger trainees was called into military service. Other members of the class went to his farm and sprayed and cared for his peach crop during his absence."

University of Kentucky horticulturist Luther Small, who continues to visit the farm trainees on a regular basis, is optimistic about the future of those who participated in the training program.

"Let's be honest about it," he said, "many of these people were on the brink of having to leave their homes—leave the community where they were born to go elsewhere in hopes of surviving. The program has been a success in many ways. Many now have a bath in their home, electricity, and a telephone. But money isn't the only important thing.

"I like to think of what the program has meant to the lives of the people as well as the economic growth of the community. Children continued their education who otherwise would not have been able to do so. One young man whose father participated in the program went to college and recently received his master's degree at the University of Kentucky. Some of the trainees reentered school themselves and received their high school diplomas.

"This program gave them a sense of pride and its impact will be felt for years."

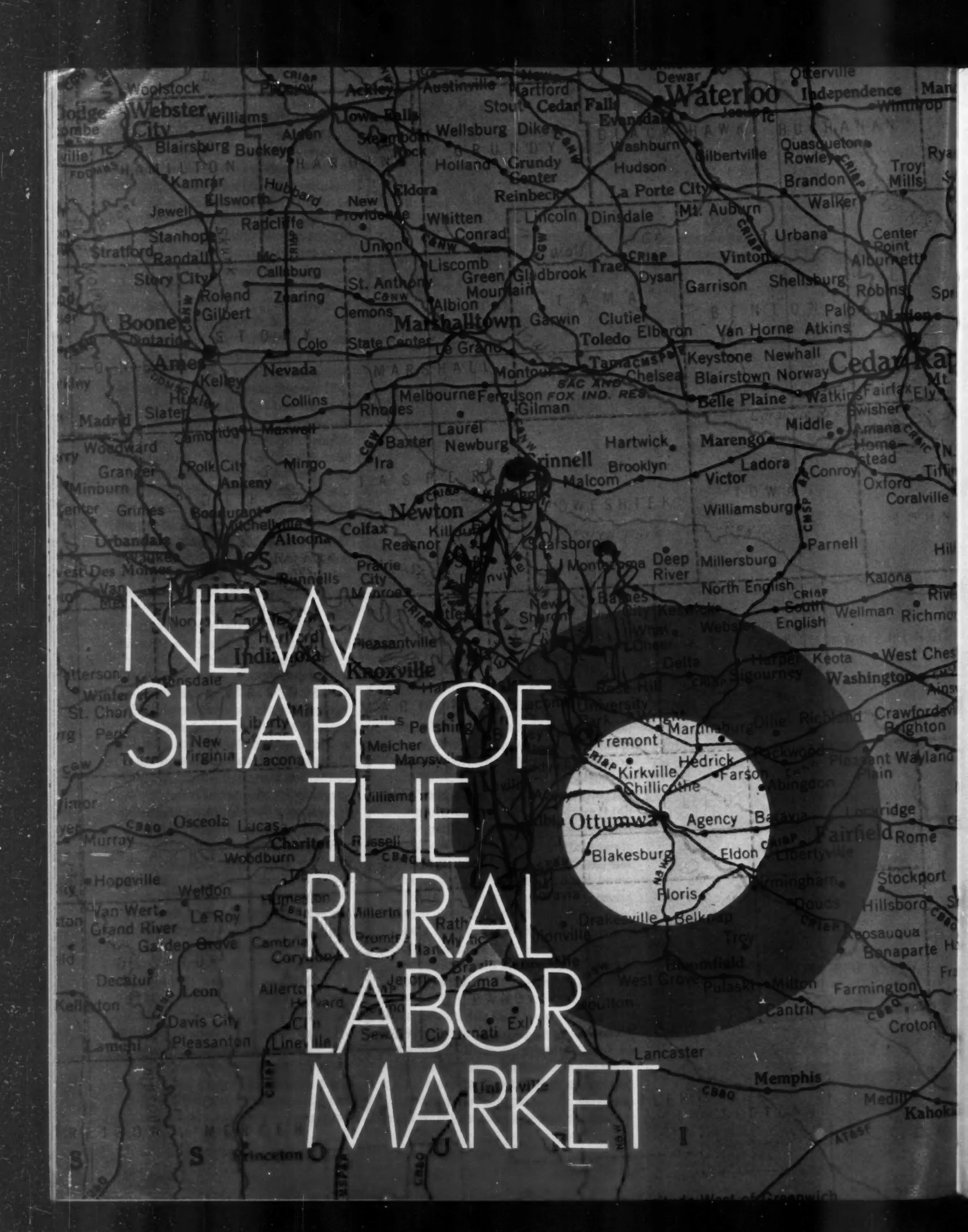
Most of the farmers in the program have discovered that the value of their land has increased—a development due in large measure to their success in raising specialty cash crops and in boosting their overall farm productivity. The scientific techniques they were taught for raising specialty crops have been applied to their established crops and livestock. And many other area farmers who observed the operations of the trainees are applying the new techniques to their land for greater production and profit.

"The program has already meant from $250,000 to $500,000 more in income for the farmers involved," estimates Wallace, who helped get the project started. "Ninety-five percent of the trainees who completed the course are still on the farm and are now working at least 40 hours per week and earning the minimum wage, and in many instances, much more."

Willie Shepperd has no skill other than farming. Like others who live there, he loves southern Kentucky. He has worked hard all his life and managed to keep the farm and raise his large family.

It has not been easy. Once, when he borrowed $1,000 to buy more land, he and his wife felled timber with a crosscut saw for 52 days to pay off the debt.

Shepperd knows what the program has meant to him, and what it will mean to his family in the years to come. The old farm was bought for $3,500. Recently he was offered $18,000 for the 241 acres. He turned it down.


NEW
SHAPE OF
THE
RURAL
LABOR
MARKET

The drama and conflict of urban poverty catch the headlines. Often, the plight of the rural poor goes unnoticed. Yet, as the 1969 Manpower Report of the President pointed out, about 11 million rural Americans (1 out of 5) lived in poverty in 1966. "These rural poor in fact outnumbered those in the cities," the report noted. "Rural residents earn lower wages, lose more time because of ill health, are more likely to be unemployed or underemployed."

The urbanization of America and the job market has undermined the economic position of many of the people living outside urban centers. From 1950 to 1967, the number of farm jobs in the United States dropped by more than half—from 9,926,000 to 4,903,000. Other sources of rural employment also are drying up. Mining employment, which was 901,000 in 1950, had shrunk to 616,000 17 years later.

Despite this loss of jobs, the size of the rural population has remained about the same. In 1950, some 54,479,000 Americans were classified by the Census Bureau as living in rural areas. It is estimated that in 1970 this number will be 53,845,000, a dip of barely more than 1 percent.

The movement of some industry into the countryside has brought new employment that has at least partially replaced the farm and mining jobs erased by mechanization. But the changing job picture in rural areas demands a change in methods of bringing workers and employers together. Established procedures are no longer good enough.

A promising new method of dealing with the rural labor market has been tested in a 2-year experimental and demonstration project in Iowa funded by the U.S. Department of Labor under the Manpower Development and Training Act (MDTA). Under the project, a single, comprehensive employment service operation was established for a 12-county area. Eight of the counties had had no employment service offices. Each of the remaining four counties had had its own small independent office. These four offices were merged into a single operational unit with headquarters in Ottumwa, a city of 34,000 people and the economic heart of the 12-county demonstration project area.

## Communications Improved

Some services, such as recruiting the unemployed, were decentralized. Others, such as recordkeeping and counseling, were centralized. Communications—mechanical and personal—were beefed up. Innovation by staff members up and down the line was encouraged.

After 2 years, some of the results were:

- The number of people served rose by 25 percent annually.
- The number served in the eight outlying counties rose 82 percent.
- Job placements jumped 56 percent.
- The number placed through job development soared 153 percent.

These achievements were possible because, first of all, Iowa State Employment Service officials had a clear view of what was happening in the area. They recognized that the technological revolution had brought benefits as well as problems to the countryside. Among these were rural electrification, automobiles, and better highways. Rural residents today are better informed and more mobile than ever before. Communications are better. They no longer are limited to their immediate neighborhoods. They can travel many miles to work or play. The rural housewife can shop in the nearest metropolis as easily as her mother did in the village store.

One striking development has been the emergence of so-called center cities. They dominate entire regions because they can provide a wide variety of goods, services, and employment opportunities. These cities have spawned area labor markets which extend for miles into the countryside. The geographically smaller labor markets of the past have been swallowed up.

Dr. Karl Fox of the Department of Economics at Iowa State University has studied this changed socioeconomic environment. He has identified the emergence of what he calls "rural functional economic areas." Such an area, according to Dr. Fox, has six basic characteristics:

- Its residents identify with the larger community that serves as the center city.
- They commute extensively within the area.
- Traffic flow is heavier as one approaches the center city.
- The people in the area generally read the same newspapers and listen to the same TV and radio stations.
- Consumers and commuters are willing to drive up to an hour to reach the center city to shop or work.
- The area itself has some semblance of an organized economic layout.

The Ottumwa project was undertaken to strengthen the performance of the employment service in this changed environment.

An area manager, located in the Ottumwa office, was made responsible for the four previously independent rural employment offices. Local managers remained in each of these offices because

the project was of limited duration, but their administrative duties were abolished for all but reporting purposes. A leased line telephone system was installed for unrestricted communication to tie the main office at Ottumwa to the four "satellite" operations. Previously, effective coordination of areawide activities had proved almost impossible.

Most "extensive services"—those requiring direct contact with large numbers of individuals—were decentralized. Responsibility for outreach, intake, local job development, and placement were assigned to the satellite offices. Local office managers also identified unmet manpower needs in their respective counties and passed this information along to the area office.

The task of informing the unemployed about the services available and motivating them to take advantage of them was attacked in a variety of ways. Some were brought in through community action agencies and the Division of Vocational Rehabilitation. Others were reached through ministers, police officials, storekeepers, barbers, and even bartenders.

To make it easier for potential applicants, outstations or outreach centers—usually located in the county seat—were established in the eight counties without an employment office. All sorts of buildings were used—an old house, an American Legion Hall, a library basement, a chamber of commerce building, a post office, a city hall. Staffs of local community action agencies and other public organizations cooperating in the program in the eight counties were trained by the employment service to do job placement and followup work. They were backed up by 1-day-a-week visits by regular employment service personnel. The outstations were supervised on a day-to-day basis by the closest satellite office manager. This setup made it possible to provide full-time employment services in the eight counties.

(The outstations became quite effective and popular. The Iowa Mental Health Institute and the Vocational Rehabilitation Service both assigned counselors to visit them on a regular schedule.)

## Services Centralized

So-called intensive services, such as counseling, job placement and development, and community relations, were centralized. Three operational units were formed in the Ottumwa area office to make sure these services were handled properly. The Employability Development Unit counseled jobhunters, referred them to training, and gave them other special services. It also recruited for the Job Corps.

The entire counseling staff was attached to the Ottumwa office. Generally, individuals who came to the satellite offices or outstations and who required counseling were referred to Ottumwa for a personal interview. Counselors sometimes were sent to other communities for individual consultations if there was sufficient need for their services. However, most counseling outside Ottumwa was on a group basis. Counselors made regular visits to various communities to serve people enrolled in manpower programs such as Work Incentive or Operation Mainstream.

The Area Placement Unit handled interarea job development and placement and was also in charge of labor mobility. This unit, headed by a specialist, found jobs for people who could not be placed by the satellite offices and outstations. The Community Relations Unit collected and distributed labor market information and handled public relations and public information.

The satellite offices and the outstation centers became, in effect, a fourth unit, called Field Services, under the direct supervision of the area manager.

A central file was created and it became a basic management tool. It was created from duplicate copies of all application records and job orders sent to the area office by the outstations and satellite offices. Better service, particularly in job placement, grew out of intelligent use of the information developed from the central file.

Through the central file a job applicant in any of the 12 counties was automatically made eligible for all openings for which he was qualified anywhere in the area. An employer needing workers could place his order with any office and know his requirements would be met from the entire 12-county labor pool. Employers began to rely on the area office for information in depth about manpower resources. Matching men and jobs in the 12 counties became easier. Even employers outside the area began to recruit through the Ottumwa office. The file kept everyone current on who was hiring, how much they were paying, and who was available to fill the jobs.

## Duplication Eliminated

Another valuable piece of information came out of the central file: The employment service was not serving as many people as it had thought. Before the project, applications were counted to determine how many jobseekers were helped. The Ottumwa centralization system was designed to measure actual services to applicants. Therefore copies of all records on a single person were brought together.

The results were enlightening. Only 6,627 people accounted for the 10,037 applications active in the four independent employment offices during the year prior to the project. Duplication occurred because more than half the applicants, interested in placement outside their areas, registered in more than one of the four offices. This was impressive evidence that the people regarded the area as a single labor market even before the consolidated 12-county operation was established.

Similarly, the data showed that the 5,578 placements properly reported by the four individual offices that year actually represented only 2,655 people. Some individuals, because they were fired or quit, were being placed two and three times a year. Each job they held, so long as they stayed in it at least a month, was being counted as another placement.

The success of the reorganization and the new techniques associated with it is documented by the vital statistics of employment service performance. During the project's second year, 25 percent more applicants were served in the 12 counties than in the year immediately preceding the project. In the four counties with regular employment service facilities, the increase was 11 percent. In the eight outlying counties the increase was more than 82 percent—from 1,214 to 2,212. Also, there was a 400 percent increase in job openings received from employers in the eight outlying counties.

Substantial gains also were made in the most important goal—job placement. Permanent employment placements increased from 2,655 annually to 4,146, a rise of 56 percent in 2 years. The percentage of applicants placed rose from 40 to 50. Placements through job development leaped 153 percent.

These gains were achieved while the local economy was steadily going downhill. During the project, Ottumwa itself lost five sizable industries, one of which had had peak employment of more than 1,000.

Before the reorganization and consolidation, the four independent offices serving the 12 counties had a total of 25 employees. Sixteen additional jobs were allowed for the new setup, but they were never all filled. The staff peaked at 35 and by the end of the project was back to 30.

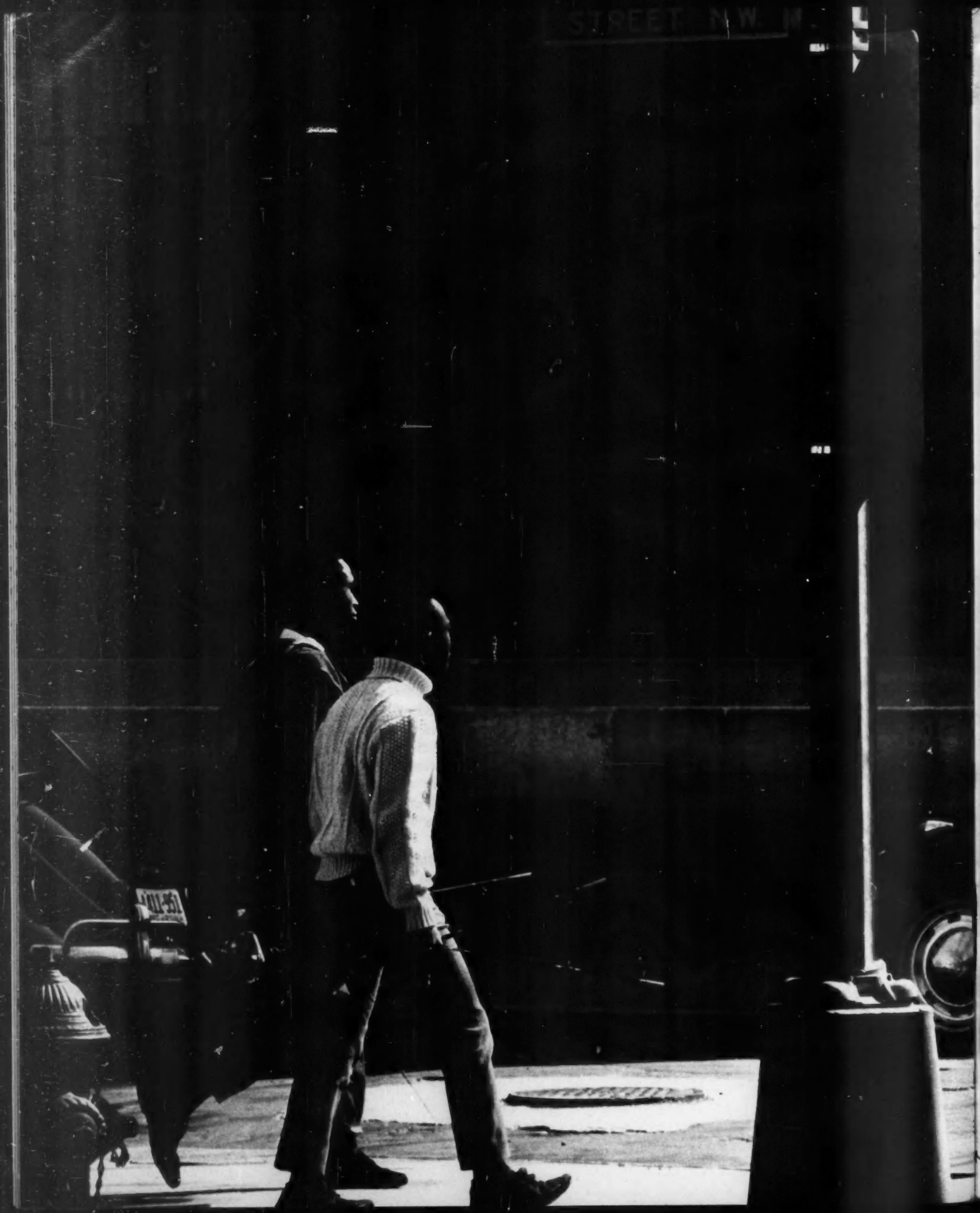
One of the project's most successful techniques was the use of radio and television in job recruitment (see *Jobs A Go Go,* MANPOWER January 1969). Nearly 400 persons were placed in out-of-area jobs as a result of four TV programs bringing employers and the unemployed together.

Altogether, the mobility component of the project relocated 759 people. One of these was a 35-year-old Mexican American parolee from Iowa State Penitentiary. He was down and out in Ottumwa, unable even to keep up payments on his furniture. With the consent of his parole officer, he was placed as a chef in a supper club about 100 miles away. His starting salary was $500 a month. Nine months later he was managing the club.

Of the 400 placed through the television show, nearly half had had no recent contact with the employment service. Nearly 60 percent were from the eight outlying counties; 35 percent were disadvantaged.

Other services also were improved. Without increasing the staff, counseling was extended to people in the area's Operation Mainstream and Neighborhood Youth Corps programs and to MDTA students. Job analysis services were made available to two counties. A detailed employer survey was made in 5 of the 8 outlying counties to support job placement and development. New industries in three of these counties were given direct recruiting help, special labor market data, and information about local labor laws. A pilot high school work-study program was developed based on an exhaustive 1967 survey of the needs of Iowa high school graduates. It was later used as a model for a similar statewide program. Two effective Summer Youth Employment projects were created.

The Ottumwa experiment showed that in-depth manpower services in rural areas can be delivered successfully by State employment services. The Iowa State Employment Security Commission has already adopted the new area organization in Ottumwa and plans to extend it to three other areas in the State.



# YOUNG OFFENDERS AT THE CROSSROADS

By JOHN CREANE

The need for institutional changes in rehabilitating criminal offenders is clear. The National Crime Commission Report pointed out that, "Arrest, court, and prison records furnish insistent testimony to the fact that repeated criminal offenders constitute the hard core of the crime problem." Studies have shown the recidivism rate (repeat offenders) varies from one-third to more than half, depending on age at first arrest.

Not only has the existing criminal justice system failed to deter large numbers of offenders from committing new crimes, it also is very costly to maintain. Eugene Rhoden, the then director of the District of Columbia Offender Rehabilitation Project, said the daily cost of maintaining an inmate in District of Columbia correctional institutions runs from $8.77 for the Community Youth Center to $21.87 for the Women's Detention Center. Trial costs also are considerable. The average cost of a trial in New York City has been estimated at $3,000.

Two experimental manpower projects are attempting to demonstrate that pretrial diversion of first offenders from prosecution to employment opportunity can reduce the repeater rate for certain categories of offenders and save money as well. Both are funded by the U.S. Department of Labor's Manpower Administration. While it is too early to measure adequately their long-term effectiveness in keeping offenders out of trouble, both have made promising beginnings in job placement and in obtaining cooperation of law enforcement officials.

Both experiments — the Manhattan Court Employment Project (MCEP) in New York and Project Crossroads in the District of Columbia — focus primarily on young offenders. As the National Crime Commission pointed out, "In 1965 a majority of all arrests for major crimes against property were of people under 21, as were a substantial minority of arrests for major crimes against the person." The Commission also felt that because "they are not yet set in their ways," rehabilitative efforts with youngsters hold the greatest promise of success.

Two important factors were involved in selecting the pretrial period as the logical time to attempt rehabilitation:

- A conviction reduces employment opportunities substantially.
- An offender has more incentive to stay within the law if he knows that criminal charges might be dropped if he makes a satisfactory job adjustment.

The projects are testing the hypothesis that a person who has a job he likes, with opportunity for advancement, is less likely to risk his economic stake in the community through criminal activity.

## Funds Granted in 1967

MCEP was funded by the Labor Department in November 1967. Total allocations amount to about $1 million. The project is operated as part of the Vera Institute of Justice, a New York organization incorporated in 1961 to examine the criminal justice system and to carry out research and action projects to improve it. During the 3-year life of the project, between 1,500 and 2,000 defendants from the Manhattan Criminal Courts will be screened, counseled, and placed in jobs or job training. Rehabilitation efforts begin at arraignment and focus on placing participants in jobs with career opportunities and providing related supporting services.

MCEP tries to get the District Attorney's office to drop charges against defendants who make a satisfactory vocational adjustment while participating in the project. Under the guidelines, MCEP is permitted to screen males aged 18 to 45 who are arraigned in Manhattan Criminal Court. Those accused of such serious crimes as homicide, rape, first degree robbery, and assault are not accepted, nor are alcoholics or drug addicts. Those involved in street activities more remunerative than most jobs—drug sales, numbers running, and prostitution—are also screened out.

Between 10 and 15 defendants a week are given an opportunity to participate. When a defendant accepts the offer, his attorney petitions the court to release him on his own recognizance and to adjourn the case for 3 months. After 90 days the participant is scheduled to reappear in court. If he has cooperated, made satisfactory progress in his job or training program, and avoided further criminal activity, MCEP will recommend that the pending charges be dismissed. If he has made progress but requires more time, an extended adjournment will be recommended. If he has been unresponsive to project efforts, he will be returned to normal court processes.

A supervisor and four career developers are responsible for locating job and training openings, directing participants to selected positions, and checking their progress. Almost 300 employers, unions, and training programs are committed to accepting MCEP participants. Particular concentration is placed on blue-chip companies with contracts under the Job Opportunities in the Business Sector Program (JOBS) which makes available Government funds for job training and supportive services for the hard-core unemployed.

The past record of most project participants is failure—in school, in work, in family life, and even in criminal activities. The main responsibility for ensuring that they do not fail again lies with the Human Services staff, called representatives. Each representative has about 20 participants assigned to him, and his tasks include resolving housing, medical care, and remedial education problems. Representatives also help participants adjust to employment. They teach clients job-getting skills, arrange and follow up on appointments with community agencies, help shop

Mr. Creane, a former industrial relations specialist with the U.S. Department of Labor, is an attorney for the Bridgeport (Conn.) Legal Services Program.

**Counselor Charles Thomas (right) and a Project Crossroads participant head for some late afternoon fishing – and a chance to get better acquainted.**

for suitable work clothes, and locate medical care for a family member. Most importantly, the representatives give their clients the feeling that someone cares about them and that they are members of a group (the project) whose members have interrelated rights and obligations.

The representatives are uniquely qualified for their work. Each is an ex-offender with a background similar to that of his clients. In addition to the representatives, the Human Services staff includes professionally trained supervisory personnel. The representatives, however, are the primary link between the project and the participants, and they have impressed their supervisors with their ability to relate to and motivate young offenders. MCEP planners feel that the effectiveness of the neighborhood nonprofessional representatives demonstrates that ex-offenders can be an extremely productive manpower resource.

## Profile of Participants

As of May 31, 1969, 674 defendants had participated in the project. The economic, educational, and cultural profile of the participants confirms earlier studies of the youthful offender. The average age was 21, and the average participant had completed about 10 years of schooling. Fifty percent were black, 37 percent Spanish-speaking, 12 percent white. A separate survey of the most recent 93 participants revealed that they had been unemployed an average of 22 weeks per year since entering the labor market. Sixty-one percent had never earned more than $70 per week even when employed full time.

Of the 674 persons who had participated in the program as of May 31, 195 were still active in the project, 182 made satisfactory employment progress and charges against them were dropped, 281 did not respond satisfactorily to project efforts and were returned to normal court processes, and 16 were dropped from the project for medical or other reasons.

The high number of unfavorable terminations (281) is misleading, since it is caused, in large measure, by factors outside the control of the project. For ex-

Ernest Pollard discusses a job opening with Crossroads counselor Frederick Hill.

MCEP Unit Coordinator Leonard Melford (third from right) listens to a participant during a group counseling session.

Crossroads counselor Norman C. Baptiste calls on Ronald Duncan at his home to review a forthcoming court appearance.

ample, although the project is not supposed to include them, nearly 30 percent of the persons accepted are found to be drug addicts. Initially, many of the addicts were referred to the Career Development Unit and placed in a job. The results were discouraging, however, and drug addicts now face early termination. Addicts have accounted for 43 percent of unfavorable terminations and 43 percent of the 49 participants who have been rearrested while in the project.

Defendants who gave false addresses during the initial interview and then disappeared were a major cause of unfavorable terminations when the project began. All information supplied by potential participants is now carefully checked before they are accepted.

## Job Retention Crucial

A crucial element in the success of the project is the future course of participants after criminal charges are dismissed. Of the 182 participants in this category as of May 31, 142 had full-time jobs, 10 were in full-time training, 10 were full-time students, and 20 were unemployed. The number of unemployed, while certainly not a cause for project complacency, is substantially below the 30 percent national unemployment figure for male ghetto youths.

Over 50 percent of the job placements have been for clerks, porters, messengers, and office boys, with far smaller numbers placed in high-level service jobs, skilled positions, and training programs. But overall job placement results have not been discouraging, particularly in light of the cultural background and prior employment records of the participants. Two case histories, though not typical, illustrate what can be done by skilled placement officers.

- A 17-year-old ninth grade dropout charged with burglary was referred to a large financial corporation as a mail clerk at $325 a month. His employer discovered the youngster had a flair for art work and moved him into the public relations department as an artist, with a boost in pay. He is attending night school and the charges against him have been dropped.
- A 19-year-old Negro dropout charged with possession of marijuana was referred to the Joint Apprenticeship Committee of the Workers Defense League (see *Reaching Out for Apprentices,* Manpower, June 1969). He was tutored for the carpenters' union apprenticeship exam, passed it, and is now an apprentice at $3.25 an hour.

The pretrial rehabilitation effort in the District of Columbia is called Project Crossroads and is being conducted by the National Committee for Children and Youth. It is designed to give intensive rehabilitative services to 750 first offenders, ages 16 to 25, as an alternative to juvenile court proceedings or criminal prosecution.

Except for lower age requirements, the criteria for participating in Crossroads are virtually identical to MCEP, but there is more emphasis on juvenile court problems. It also uses nonprofessionals with social and cultural backgrounds similar to those of the target population.

Crossroads, however, has used the services of volunteers from the Office of Economic Opportunity's Volunteers in Service to America (VISTA) Program and has stressed remedial education to a greater extent than MCEP. Crossroads began court operation April 22, 1968. Participants are recruited from both the Juvenile and General Sessions (adult) Courts of the District of Columbia. Being arrested for a new offense is not grounds for automatic termination of a juvenile participant, but it is for an adult. Also, a juvenile may participate in the project up to and beyond the final disposition of his case, while a General Sessions Court participant who is bound over for a trial at the end of his 90-day continuance period is no longer eligible to remain in the project.

## Court Action Delayed

The educational and economic backgrounds of Crossroads' participants are similar to MCEP's. As of May 15, 1969, 347 youths, about 10 percent women, had been accepted. Their average age was 18 and average formal education 9.0 years, although their ability test scores were considerably lower. Ninety percent of the participants were black; 70 percent were school dropouts; and more than 80 percent of the dropouts had been unemployed for at least half the time they had been in the labor market since leaving school.

As of May 15, Crossroads had worked with a total of 347 participants. Of these, 204 were juveniles, but formal judicial action was pending against only 155 of them when they were enrolled in the project. In some instances the Juvenile

Court will refer young offenders to the project without filing any formal judicial action against them. Of the 145 juvenile cases on which project services had been completed by May 15, 43 had no judicial action pending against them when they were enrolled, 39 were awaiting first judicial action, charges were dismissed against 26, 20 were fined or placed on probation, 9 were continued for trial, and 8 were continued for social study.

The court has accepted project recommendations in about 60 percent of the cases. However, an agreement was recently reached under which the Juvenile Court will follow project recommendations for a randomly selected group of 25 first offenders. If satisfied with the results of this experiment, the court has agreed to expand the procedure.

The interrelated problems of motivating juvenile offenders (under 18) and locating attractive job opportunities for them are the most difficult tasks facing the Crossroads' staff. Juvenile participants realize that the worst criminal punishment they are likely to get is a suspended sentence or probation. As a result, they often lack the motivation born of a desire to avoid going to jail. The problem is compounded by a shortage of attractive job or training opportunities in Washington for unskilled, poorly educated juveniles.

## Training Slots Scarce

Fifty-nine juveniles were still active in the program as of May 15: 15 were employed, 10 were taking vocational training, 17 were full-time students, 7 were unavailable for employment, and 10 were unemployed. Thus, the project's juvenile unemployment rate on that date, excluding full-time students and seven participants who were not available for employment for other reasons, was 29 percent. Even participants who are employed full time have only a marginal "economic stake" in the community, since very few are paid more than the minimum wage of $1.60 per hour.

Crossroads' personnel clearly recognize that the scarcity of full-time job and training opportunities for juveniles and part-time work for students has been its most pressing problems. The staff is now drawing up plans to get more effective help from the public employment service and to enlist the aid of the Board of Trade and the Civil Service Commission tc make more jobs and training opportunities available to participants.

Project results for the 143 older participants recruited from the General Sessions Court have been more encouraging than the record for juveniles. In every case where Crossroads has recommended that pending charges be dismissed, the court has obliged. Of the 99 adult participants who had left the program as of May 15, 69 received favorable recommendations from the project and charges against them were dropped, 10 received unfavorable recommendations or no recommendation and their cases were sent to trial, 9 were dropped for commiting new offenses, 10 were dropped for uncooperativeness, and 1 died.

Crossroads has had some success in improving the career prospects of its adult clients. One 19-year-old Negro dropout charged with unlawful entry was placed in a $2.50 an hour landscaping job. Intensive tutoring enabled him to pass his high school equivalency exams with high scores. The charges against him have been dropped, and in May he was accepted for enrollment by a midwestern college to which he had applied under project sponsorship.

Another participant against whom charges were dropped was a 22-year-old Negro dropout arrested for receiving stolen goods. Today he is earning nearly $4 an hour as an airline mechanic. His only previous jobs were as a car washer and a building custodian.

The unemployment rate for the 44 active adult participants on May 15 was 21 percent. Of the 44, 18 had full-time jobs, 8 were in full-time training, 8 were full-time students, 3 were unavailable for work, and 7 were unemployed.

Despite the many similarities between the MCEP and Project Crossroads, a number of factors help account for the more impressive results obtained by MCEP. MCEP's sponsor, the Vera Institute of Justice, is an organization whose prestige and influence made people pay attention to the project from the beginning. In addition, MCEP was blessed with early and active support from State and local officials and from business. Crossroads simply has not received this type of support. The experience Crossroads has had working with juveniles makes it obvious it is considerably more difficult to motivate and find suitable employment and training opportunities for 15- to 17-year-olds than older youth. Any comparison in the final result of the two projects must allow for the large juvenile component in Crossroad's population.

MCEP and Project Crossroads have not been operational long enough to measure how successful they will be in reducing recidivism rates. Both projects have a randomly selected control group of eligible offenders who will not participate in the projects. A complete evaluation of recidivism for the control groups measured against participants will be made later. In addition, a cost effectiveness study will be conducted on each project's operations.

## Questions on Future

Even if both projects are very successful, however, certain questions arise as to the problems that may be encountered in institutionalizing their functions, either inside or outside the agencies which administer criminal justice:

—Will opposition arise when large numbers of offenders are being served and the subject becomes a topic of public discussion?

—Will people oppose setting aside the traditional standards of guilt and innocence for determining punishment, and accept the idea of dropping charges against an offender because of successful participation in a manpower project?

—Will defense attorneys oppose a rehabilitation program that would eliminate certain functions traditionally performed by lawyers?

—Can employer resistance to hiring offenders be overcome so large numbers of participants can be placed in jobs with career opportunities that give them an economic stake in the community?

Despite these and other questions, any new approach to handling young offenders that demonstrates as much promise as have MCEP and Project Crossroads merits serious study and consideration—particularly in light of the Nation's spiraling crime rate and the poor record of our present correctional system in preparing prison inmates to become useful, productive members of society.

# News & Notes

The cities' relative share of the Nation's total manufacturing jobs continued to decline in the early 1960's while the suburbs' share continued to rise, according to a survey made by the National Industrial Conference Board (NICB). Manufacturing jobs in major cities dropped from 31.5 percent to 27.9 percent of the national total between 1958 and 1963. Indications are that the decline continued but at a slower rate between 1963 and 1966, the NICB said. The shift of manufacturing jobs from cities to suburban areas "has undoubtedly been a contributing factor to high unemployment in ghetto areas," the NICB job survey report said.

* * *

John L. Blake of Rochester, N.Y., has been appointed Deputy Manpower Administrator for Employment Security. He will have direct supervision of the field operations for the Labor Department's manpower programs. Blake, 47, an executive of Marine Midland Trust Co., Rochester, was formerly general manager of the city's Business Opportunities Corp., formed by businessmen to help inner-city residents start their own enterprises.

* * *

The number of women in apprenticeship programs is increasing steadily. Nearly 1,100 women are now learning highly skilled trades in programs registered with the U. S. Department of Labor's Bureau of Apprenticeship and Training. This is 500 more than in June of last year. In recent years women have entered apprentice training in a number of occupations previously considered only for men. Sizable numbers are training as bookbinders and in the printing trades, including compositors, typographers, and pressmen. Other apprenticeships in which women appear are upholsterer, draftsman, electronic equipment repairer, machinist, carpenter, aircraft sheet metal worker, aircraft mechanic, and embalmer.

* * *

The Department of Labor has funded a 1-year $33,898 experimental and demonstration project to train 25 mothers from poor families in the Boston area to operate day-care centers.

Training programs to upgrade workers' skills are getting a stronger push from unions, especially as some unions find that Federal funding spurs the growth of privately financed upgrading programs. For example, the Laborers Union is providing skill training for some 4,300 workers with $4.1 million in Federal funds, while the carpenters and painters unions have Federal contracts to train journeymen in new construction techniques.

* * *

The Department of Labor has funded a training program at Mississippi State University designed to help State employment service personnel understand and communicate with disadvantaged men and women. Some $27,185 has been allocated for the experimental and demonstration project.

* * *

Consortiums are an increasingly popular method of training the hard-core jobless. Smaller employers with a common trade or industrial denominator join together in a single contract to train and hire the disadvantaged. Of the 991 Job Opportunities in the Business Sector contracts signed to date between private employers and the U.S. Department of Labor, 85 have involved consortiums. These 85 contracts cover programs sponsored by some 2,250 businessmen to train 23,000 unemployed.

* * *

The 12th International Manpower Seminar, conducted by the U. S. Department of Labor's International Manpower Institute, ended in mid-August after 11 weeks of study and discussion of various aspects of manpower programs and human resources development. The seminar, held in cooperation with the Agency for International Development, brought together 40 persons representing governments, universities, and trade unions of 21 countries. After a month's exchange of information between the foreign and U. S. specialists in such fields as population, health, urban affairs, and manpower programs, the participants visited Columbus, Ohio; Kansas City, Kans.; and San Antonio, Tex. to observe U. S. programs and institutions in action.

# Retardation, Poverty, and Jobs

By LLOYD FELDMAN

The manpower problems of the underprivileged in our society are expressed most poignantly by the plight of the mentally retarded. Beset by many of the difficulties of other disadvantaged workers—a lack of skills, inadequate education, and, typically, a background of poverty—they must also cope with problems that are unique to their own situation.

New insights into these problems are now provided in a recently completed study of the background and employment experience of mentally retarded young adults conducted for the Manpower Administration.[1] The retarded in the study were typically raised in an environment of low incomes and family instability. They frequently were identified late or misidentified by the schools. There were serious gaps in the post-school manpower services available to them and, while the study provided firm evidence of their employability, it also found that they were grossly underutilized in the labor market.

The study, made by the New York City Chapter of the Association for the Help of Retarded Children, followed up a sample of nearly 400 persons who had completed special education classes for the retarded in New York's public schools. Half of the group had been out of school 2 years, the other half for 5 years.

A number of other studies have shown that a complex of factors in the culture of poverty appear to be linked to nonorganic retardation: The lack of intellectual stimulation and language development in early childhood; malnutrition; and a high incidence of disease and other health problems. The New York survey also supplies evidence of the close relationship between poverty and retardation.

- More than 50 percent of the young people who had been enrolled in classes for the retarded were from families which received public welfare.
- More than 40 percent were members of families which had been involved in court actions, most often in criminal courts.
- A similar proportion were raised in families with one or both parents missing—in almost half these cases, the youngster's home was broken by the time he was 7 years old.

Unlike retardation that is present at birth, environmentally caused retardation may be difficult to detect during early childhood. But in the higher elementary grades, retardation stemming from social deprivation, becomes more and more apparent. The study found that more than half the youngsters in New York City's special classes were not identified as retarded until after their 10th birthdays. This was particularly true for minority group children.

The study also found that only a little more than 1 percent of New York City public school children were placed in special classes for the retarded, although the U.S. Department of Health, Education, and Welfare says experts usually estimate the incidence of retardation in the Nation's overall

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Mr. Feldman is a labor economist in the Office of Manpower Research, Manpower Administration.

[1] *A Study of the Employment Status of Mentally Retarded Adults of New York City* is available from the Clearinghouse for Federal Scientific and Technical Information, Springfield, Va. 22151, for $3 for a paper copy and 65 cents for microfiche.

population at 3 percent. Apparently, a significant number of children in New York whose IQ's are equivalent to those of the children in classes for the retarded are permitted to remain in regular classes throughout their school careers.

On the other hand, a considerable number of nonretarded persons appear to be erroneously placed in the special classes. Puerto Rican children, for example, were represented at about double their expected frequency. Language difficulties rather than intellectual deficit probably accounted for many of these assignments. The likelihood that many Puerto Ricans are mistakenly classified as retarded is supported by their subsequent employment experience. While the general unemployment rate for Puerto Ricans in New York City substantially exceeds that for both Negroes and whites, Puerto Rican graduates of special classes for the retarded were found to fare considerably better in the labor market than their Negro and white counterparts. More of them held competitive jobs, and fewer were unable to work.

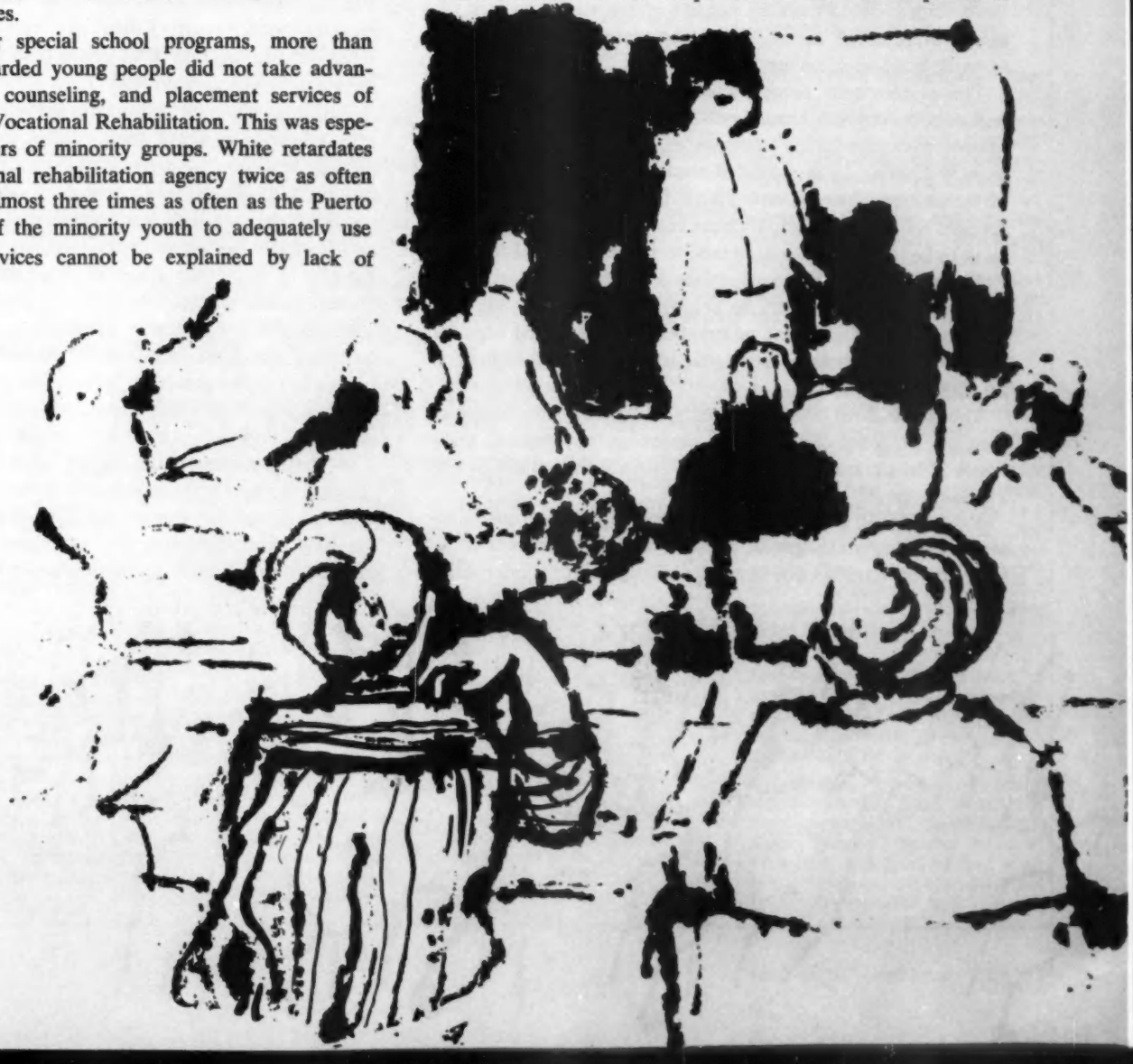
The Nation's serious lack of adequate training and rehabilitation services for the retarded has been well documented in the annual reports of the President's Committee on Mental Retardation. The study of the retarded in New York—a city rich in social services—points up the gaps existing even under favorable circumstances.

After leaving their special school programs, more than 60 percent of the retarded young people did not take advantage of the training, counseling, and placement services of the State Division of Vocational Rehabilitation. This was especially true for members of minority groups. White retardates consulted the vocational rehabilitation agency twice as often as the Negroes and almost three times as often as the Puerto Ricans. The failure of the minority youth to adequately use the rehabilitation services cannot be explained by lack of need. Many of the Negroes and Puerto Ricans who had never held a job after leaving school were unknown to the rehabilitation agency. Interviews turned up the fact that the parents of children who failed to use these services either did not realize additional help was needed or were unaware that the services existed. Once their children were discharged from school, many parents no longer knew where to go for assistance. Improved referral and followup procedures between schools and post-school agencies could substantially increase the number of retarded persons who get the additional help they need to obtain gainful employment.

Employment success can make the critical difference for the retarded between a life of independence and self-sufficiency, or a life of reliance upon family and community for support.

The Manpower Administration called attention to the employment potential of the retarded in a 1964 report, "The Mentally Retarded: Their Special Training Needs." More than 85 percent of about 3.3 million retardates then of working age were estimated to be employable.

The New York study furnishes new information about the employability and labor market problems of this population. On the positive side, it documents the employment capabilities of the retarded. About 60 percent of the male respondents



## Retardation, Poverty, and Jobs *continued*

were engaged in competitive employment, most of them full time. They were porters, assemblers, clerks, stockworkers, messengers, and packagers. A few were watchmen, machine operators, truckers' helpers, and craftsmen's helpers. The variety of work was great enough to challenge any stereotypes that would limit the retarded to a few specific industries and jobs.

But although most of the retarded young men had jobs, their economic situation was precarious. Most were paid $1.50 an hour or less; only 10 percent earned more than $2.00 an hour. Since their potential for advancement to higher skill levels is minimal, many of the retarded seem to face the prospect of working permanently for a poverty-level income. Moreover, as low-skilled workers they are most vulnerable to layoff in an economic decline, a vulnerability increased by the fact that they are largely employed by small firms that are more subject to failure than larger ones. Over two-thirds worked for businesses employing less than 100 persons. Apparently, the standardized hiring procedures of large companies are more likely to screen out retarded applicants than the more informal process used by small firms.

The study also revealed a significant underutilization of the retarded. More than 25 percent of the young men in the sample were either seeking work unsuccessfully, or were able to work but had given up the job search.

The employment problems of the retarded women were particularly serious. Less than 30 percent of those in the sample were engaged in competitive employment; only a few were in training or in sheltered workshops. Since only a fifth of the women surveyed were married, other explanations must account for their low employment level. Two principal factors seem to be involved: Families tend to be protective of retarded girls, and many of the occupations available to the retarded are by custom most likely to employ men. In any case, the retarded woman's lack of preparation for the world of work can pose serious social problems when family assistance is no longer available.

The findings of this study of the employment status of mentally retarded young adults point to a series of basic issues in educational and manpower policies that merit serious consideration.

Procedures in the schools for identifying and assigning retarded youngsters to special classes need reexamination to insure that all retarded youth are so identified and receive early assignment. There is a need to distinguish the child whose retardation stems from environmental factors from the retarded child whose etiology may include organic damage and to provide both with educational services tailored to their special requirements. Better resources for special education, including adequate clinical services to help teachers in initial diagnoses and in subsequent reevaluations of retarded youth, are also needed.

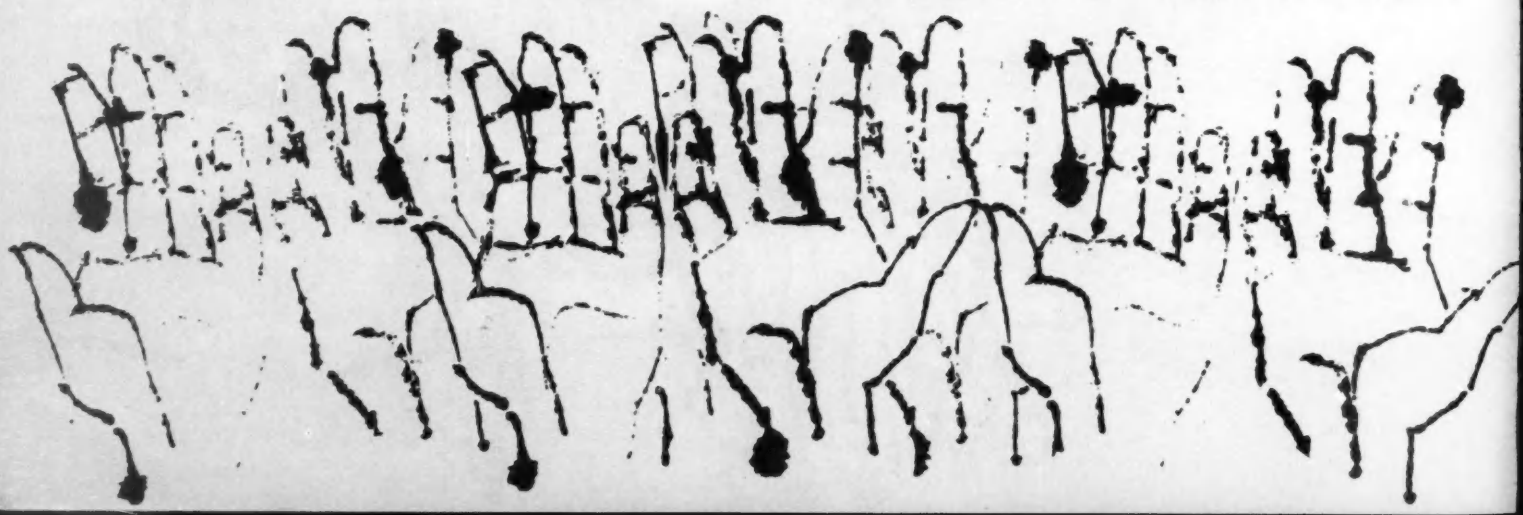
The favorable employment experience of many retarded young people should encourage the public employment service and vocational rehabilitation and other manpower agencies to make greater efforts to serve the retarded. The large-scale underutilization of this manpower resource—particularly of retarded young women—suggests the size of the job to be done. The underrepresentation of large firms among the employers of the retarded may require special efforts to tap this potential source of jobs.

Outreach programs are needed to bring the mentally retarded within the scope of available services.

Manpower programs serving disadvantaged people should be alert to the possibility that they may be picking up significant numbers of the mentally retarded and, where appropriate, should reshape programs to meet their special needs. Recent Manpower Administration research studies of the Neighborhood Youth Corps, for example, suggest that a substantial proportion of enrollees have IQ scores in the range associated with retardation.

For most retarded youth, the schools are the only agency with information about their special handicap. Serious consideration should be given, therefore, to setting up a formal link between schools and post-school manpower services. One possible approach is to have employment service or vocational rehabilitation personnel make regular visits to the schools. Another is to set up a corps of school guidance counselors trained in the special employment problems of the retarded. The key element currently missing is a followthrough service to insure that these able-bodied, potentially productive young people are either placed in jobs or are referred for training or rehabilitation. Once they are hired, periodic checks should be made on their adjustment to competitive employment.

To bring meaning and dignity into the lives of retarded persons, the establishment and strengthening of special education and manpower services for them is urgently needed. Over the long term, however, the most profound impact on this problem can be made by eliminating poverty in America.



# E&D Reports

Following is a selected list of reports on experimental and demonstration projects funded by the Manpower Administration, U.S. Department of Labor. Single copies are available from the Office of Special Manpower Programs, Room 206, Longfellow Building, 1741 Rhode Island Ave., N.W., Washington, D.C. 20210. Special arrangements may be made for bulk orders. The reports describe projects which are intended to develop, test, and refine new techniques and new organizational forms to meet manpower problems of the disadvantaged, and to develop a capacity to measure the effectiveness of alternative methods.

**Iowa State Manpower Development Council**

Detailed report of 3-year demonstration project to establish a Manpower Development Council to promote full use of human resources in Iowa. A coordinated inter-agency approach was adopted and the Council, operating as part of the Governor's office, designed, developed, implemented, and coordinated numerous Federal, regional, and State manpower program.

**New Health Occupations**

Summary of 1-day conference on New Careers Program called to "examine constructively the ways in which the present educational systems must bend, the strategies for change already underway, specific steps that can be taken, and by whom, to make health career ladders more feasible for the poor."

**Training and Technology**

Report on 2½-year program at the U.S. Atomic Energy Commission's plant at Oak Ridge, Tenn., demonstrating that talents and resources of modern, advanced industry, combined with those of public education and government, can add a significant new dimension to the Nation's efforts to train underutilized persons for critically needed job skills in technology-based industry.

**Mental Health and Manpower**

Nine-volume final report of a project to test methods of preparing the recently released mental patient to get and hold a job. Individual volumes are available.

Vol. 1—Description of counseling, placement, and followup programs undertaken by the investigator.

Vol. 2—Description of project's experimentation and research. Outlines the assumptions, research design, methodology, measurement instruments developed, and findings.

Vol. 3—Technical discussion of the economics of rehabilitation of mental patients.

Vol. 4—Summary: Overview of various aspects of the project consisting of a series of articles by those working with the project.

Vol. 5—Appendix I: "Reality Coping and Employment Adjustment: A Handbook for Post-Hospital Group Counseling."

Vol. 6—Appendix II: Handbook entitled "Vocational Counseling of Mental Patients."

Vol. 7—Appendix III: "Handbook on Job Development and Placement."

Vol. 8—Appendix IV: Proposed agenda of a suggested conference to acquaint others with research findings and experiences of the project.

Vol. 9—Appendix V: Fifty-five-page bibliography on vocational rehabilitation of mental patients.

**Inner-City Negro Youth in a Job Training Project: A Study of Factors Related to Attrition and Job Success**

Report on a followup study of a Chicago project for 1,500 unemployed or underemployed inner-city Negro youth. Program included basic education, group and individual counseling, and skill training. Study attempts to relate background, motivations, and attitudes to post-training success. Copies of an abstract summary, as well as the whole report, are available.

**Manpower and Rebuilding**

Report on a study to determine how recent experience can be a guide in meeting the Nation's needs for (1) low income housing and other structures, (2) skilled building and construction industry manpower, and (3) equal employment opportunity for minority group members in the building and construction industry.

**The Multi-Troubled Jobseeker: The Case of the Jobless Worker With a Convulsive Disorder**

Brief report on findings of a 2-year experimental and demonstration project that dealt exclusively with jobseekers with epilepsy. Experiment was conducted in three rather diverse labor markets (Atlanta, Chicago, and San Antonio). Major emphasis was on group counseling aimed at: (1) enhancing the individual's social functioning; (2) orienting him to the world of work; and (3) evaluating his long-term potential for placement.

**New Careers for the Disadvantaged in Human Service: Report of a Social Experiment**

Two-part description of New Careers project conducted by Howard University Institute for Youth Studies to train disadvantaged youth and adults for health, education, welfare, and recreation jobs. Recruited for the program were disadvantaged persons with social, cultural, and educational backgrounds similar to that of the community groups whom they would later serve in their New Careers jobs. Part I is an overview of the project with emphasis on training and job development models that were used, and includes a post-training assessment of trainee functioning. Part II is a source-book on New Careers program curriculums and methods. It contains a selection of detailed reports, guides, and other materials on individual training programs conducted by the Institute for Youth Studies during the project and a bibliography of Institute publications (1964-1967) related to New Careers.

**Manpower Improvement Through Community Effort**

Report on a program designed to carry forward and strengthen an earlier experimental and demonstration project which had tested several approaches to manpower development assistance for rural disadvantaged in six North Carolina counties. Focusing on vocational problems of tenant farmers, the later program sought to evaluate use of nonprofessionals in a rural program, and to determine whether techniques useful in a rural setting might aid rural residents newly migrated to urban areas.

**Transportation Opportunity Program**

Report on Teamsters Union project to increase substantially the number of disadvantaged persons employed in the trucking and automotive service industries. Disciplined, systematic, training methods and worker qualification procedures have been introduced to several industries in which skill acquisition processes had often been casual and not wholly efficient.

**Operation SER**

Report on first 2 years (1966-1968) of Operation SER (Service, Employment, and Redevelopment) Program to broaden employment opportunities for Spanish Americans in Texas, New Mexico, Colorado, Arizona, and California by enhancing and drawing on the capabilities of organizations representing them. Report outlines steps taken to establish Operation SER activities in each State, including formation of job skills banks.

**Job Development for the Hard to Employ,** by Dr. Louis Ferman, Institute of Labor and Industrial Relations, University of Michigan—Wayne State University.

A textbook for job developers which has been widely used in training State employment service staffs. Study discusses several kinds of knowledge and practice that must be combined to create a successful job development program.

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